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POLITICAL SCIENCE QUARTERLY

THE STUDY OF ADMINISTRATION

I SUPPOSE that no practical science is ever studied where there is no need to know it. The very fact, therefore, that the eminently practical science of administration is finding its way into college courses in this country would prove that this country needs to know more about administration, were such proof of the fact required to make out a case. It need not be said, however, that we do not look into college programmes for proof of this fact. It is a thing almost taken for granted among us, that the present movement called civil service reform must, after the accomplishment of its first purpose, expand into efforts to improve, not the *personnel* only, but also the organization and methods of our government offices: because it is plain that their organization and methods need improvement only less than their *personnel.* It is the object of administrative study to discover, first, what government can properly and successfully do, and, secondly, how it can do these proper things with the utmost possible efficiency and at the least possible cost either of money or of energy. On both these points there is obviously much need of light among us; and only careful study can supply that light.

Before entering on that study, however, it is needful:

I. To take some account of what others have done in the same line; that is to say, of the history of the study.

II. To ascertain just what is its subject-matter.

III. To determine just what are the best methods by which

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to develop it, and the most clarifying political conceptions to carry with us into it.

Unless we know and settle these things, we shall set out without chart or compass.

I.

The science of administration is the latest fruit of that study of the science of politics which was begun some twenty-two hundred years ago. It is a birth of our own century, almost of our own generation.

Why was it so late in coming? Why did it wait till this too busy century of ours to demand attention for itself? Administration is the most obvious part of government; it is government in action; it is the executive, the operative, the most visible side of government, and is of course as old as government itself. It is government in action, and one might very naturally expect to find that government in action had arrested the attention and provoked the scrutiny of writers of politics very early in the history of systematic thought.

But such was not the case. No one wrote systematically of administration as a branch of the science of government until the present century had passed its first youth and had begun to put forth its characteristic flower of systematic knowledge. Up to our own day all the political writers whom we now read had thought, argued, dogmatized only about the *constitution* of government; about the nature of the state, the essence and seat of sovereignty, popular power and kingly prerogative; about the greatest meanings lying at the heart of government, and the high ends set before the purpose of government by man's nature and man's aims. The central field of controversy was that great field of theory in which monarchy rode tilt against democracy, in which oligarchy would have built for itself strongholds of privilege, and in which tyranny sought opportunity to make good its claim to receive submission from all competitors. Amidst this high warfare of principles, administration could command no pause for its own consideration. The question was always: Who shall make law, and what

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shall that law be? The other question, how law should be administered with enlightenment, with equity, with speed, and without friction, was put aside as "practical detail" which clerks could arrange after doctors had agreed upon principles.

That political philosophy took this direction was of course no accident, no chance preference of perverse whim of political philosophers The philosophy of any time is, as Hegel says, "nothing but the spirit of that time expressed in abstract thought"; and political philosophy, like philosophy of every other kind, has only held up the mirror to contemporary affairs. The trouble in early times was almost altogether about the constitution of government; and consequently that was what engrossed men's thoughts. There was little or no trouble about administration, — at least little that was heeded by administrators. The functions of government were simple, because life itself was simple. Government went about imperatively and compelled men, without thought of consulting their wishes. There was no complex system of public revenues and public debts to puzzle financiers; there were, consequently, no financiers to be puzzled. No one who possessed power was long at a loss how to use it. The great and only question was: Who shall possess it? Populations were of manageable numbers; property was of simple sorts. There were plenty of farms, but no stocks and bonds: more cattle than vested interests.

I have said that all this was true of "early times"; but it was substantially true also of comparatively late times. One does not have to look back of the last century for the beginnings of the present complexities of trade and perplexities of commercial speculation, nor for the portentous birth of national debts. Good Queen Bess, doubtless, thought that the monopolies of the sixteenth century were hard enough to handle without burning her hands; but they are not remembered in the presence of the giant monopolies of the nineteenth century. When Blackstone lamented that corporations had no bodies to be kicked and no souls to be damned, he was anticipating the proper time for such regrets by full a century. The perennial discords between master and workmen which now so often disturb industrial society began before the Black Death and

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the Statute of Laborers; but never before our own day did they assume such ominous proportions as they wear now. In brief, if difficulties of governmental action are to be seen gathering in other centuries, they are to be seen culminating in our own.

This is the reason why administrative tasks have nowadays to be so studiously and systematically adjusted to carefully tested standards of policy, the reason why we are having now what we never had before, a science of administration. The weightier debates of constitutional principle are even yet by no means concluded; but they are no longer of more immediate practical moment than questions of administration. It is getting to be harder to *run* a constitution than to frame one.

Here is Mr. Bagehot's graphic, whimsical way of depicting the difference between the old and the new in administration:

> In early times, when a despot wishes to govern a distant province, he sends down a satrap on a grand horse, and other people on little horses; and very little is heard of the satrap again unless he send back some of the little people to tell what he has been doing. No great labour of superintendence is possible. Common rumour and casual report are the sources of intelligence. If it seems certain that the province is in a bad state, satrap No. 1 is recalled, and satrap No. 2 sent out in his stead. In civilized countries the process is different. You erect a bureau in the province you want to govern; you make it write letters and copy letters; it sends home eight reports *per diem* to the head bureau in St. Petersburg. Nobody does a sum in the province without some one doing the same sum in the capital, to "check" him, and see that he does it correctly. The consequence of this is, to throw on the heads of departments an amount of reading and labour which can only be accomplished by the greatest natural aptitude, the most efficient training, the most firm and regular industry.[1]

There is scarcely a single duty of government which was once simple which is not now complex; government once had but a few masters; it now has scores of masters. Majorities

[1] Essay on William Pitt.

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formerly only underwent government; they now conduct government. Where government once might follow the whims of a court, it must now follow the views of a nation.

And those views are steadily widening to new conceptions of state duty; so that, at the same time that the functions of government are every day becoming more complex and difficult, they are also vastly multiplying in number. Administration is everywhere putting its hands to new undertakings. The utility, cheapness, and success of the government's postal service, for instance, point towards the early establishment of governmental control of the telegraph system. Or, even if our government is not to follow the lead of the governments of Europe in buying or building both telegraph and railroad lines, no one can doubt that in some way it must make itself master of masterful corporations. The creation of national commissioners of railroads, in addition to the older state commissions, involves a very important and delicate extension of administrative functions. Whatever hold of authority state or federal governments are to take upon corporations, there must follow cares and responsibilities which will require not a little wisdom, knowledge, and experience. Such things must be studied in order to be well done. And these, as I have said, are only a few of the doors which are being opened to offices of government. The idea of the state and the consequent ideal of its duty are undergoing noteworthy change; and "the idea of the state is the conscience of administration." Seeing every day new things which the state ought to do, the next thing is to see clearly how it ought to do them.

This is why there should be a science of administration which shall seek to straighten the paths of government, to make its business less unbusinesslike, to strengthen and purify its organization, and to crown its duties with dutifulness. This is one reason why there is such a science.

But where has this science grown up? Surely not on this side the sea. Not much impartial scientific method is to be discerned in our administrative practices. The poisonous atmosphere of city government, the crooked secrets of state administration, the confusion, sinecurism, and corruption ever

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and again discovered in the bureaux at Washington forbid us to believe that any clear conceptions of what constitutes good administration are as yet very widely current in the United States. No; American writers have hitherto taken no very important part in the advancement of this science. It has found its doctors in Europe. It is not of our making; it is a foreign science, speaking very little of the language of English or American principle. It employs only foreign tongues; it utters none but what are to our minds alien ideas. Its aims, its examples, its conditions, are almost exclusively grounded in the histories of foreign races, in the precedents of foreign systems, in the lessons of foreign revolutions. It has been developed by French and German professors, and is consequently in all parts adapted to the needs of a compact state, and made to fit highly centralized forms of government; whereas, to answer our purposes, it must be adapted, not to a simple and compact, but to a complex and multiform state, and made to fit highly decentralized forms of government. If we would employ it, we must Americanize it, and that not formally, in language merely, but radically, in thought, principle, and aim as well. It must learn our constitutions by heart; must get the bureaucratic fever out of its veins; must inhale much free American air.

If an explanation be sought why a science manifestly so susceptible of being made useful to all governments alike should have received attention first in Europe, where government has long been a monopoly, rather than in England or the United States, where government has long been a common franchise, the reason will doubtless be found to be twofold: first, that in Europe, just because government was independent of popular assent, there was more governing to be done; and, second, that the desire to keep government a monopoly made the monopolists interested in discovering the least irritating means of governing. They were, besides, few enough to adopt means promptly.

It will be instructive to look into this matter a little more closely. In speaking of European governments I do not, of course, include England. She has not refused to change with

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the times. She has simply tempered the severity of the transition from a polity of aristocratic privilege to a system of democratic power by slow measures of constitutional reform which, without preventing revolution, has confined it to paths of peace. But the countries of the continent for a long time desperately struggled against all change, and would have diverted revolution by softening the asperities of absolute government. They sought so to perfect their machinery as to destroy all wearing friction, so to sweeten their methods with consideration for the interests of the governed as to placate all hindering hatred, and so assiduously and opportunely to offer their aid to all classes of undertakings as to render themselves indispensable to the industrious. They did at last give the people constitutions and the franchise; but even after that they obtained leave to continue despotic by becoming paternal. They made themselves too efficient to be dispensed with, too smoothly operative to be noticed, too enlightened to be inconsiderately questioned, too benevolent to be suspected, too powerful to be coped with. All this has required study; and they have closely studied it.

On this side the sea we, the while, had known no great difficulties of government. With a new country, in which there was room and remunerative employment for everybody, with liberal principles of government and unlimited skill in practical politics, we were long exempted from the need of being anxiously careful about plans and methods of administration. We have naturally been slow to see the use or significance of those many volumes of learned research and painstaking examination into the ways and means of conducting government which the presses of Europe have been sending to our libraries. Like a lusty child, government with us has expanded in nature and grown great in stature, but has also become awkward in movement. The vigor and increase of its life has been altogether out of proportion to its skill in living. It has gained strength, but it has not acquired deportment. Great, therefore, as has been our advantage over the countries of Europe in point of ease and health of constitutional development, now that the time for more careful administrative adjustments and

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larger administrative knowledge has come to us, we are at a signal disadvantage as compared with the transatlantic nations; and this for reasons which I shall try to make clear.

Judging by the constitutional histories of the chief nations of the modern world, there may be said to be three periods of growth through which government has passed in all the most highly developed of existing systems, and through which it promises to pass in all the rest. The first of these periods is that of absolute rulers, and of an administrative system adapted to absolute rule; the second is that in which constitutions are framed to do away with absolute rulers and substitute popular control, and in which administration is neglected for these higher concerns; and the third is that in which the sovereign people undertake to develop administration under this new constitution which has brought them into power.

Those governments are now in the lead in administrative practice which had rulers still absolute but also enlightened when those modern days of political illumination came in which it was made evident to all but the blind that governors are properly only the servants of the governed. In such governments administration has been organized to subserve the general weal with the simplicity and effectiveness vouchsafed only to the undertakings of a single will.

Such was the case in Prussia, for instance, where administration has been most studied and most nearly perfected. Frederic the Great, stern and masterful as was his rule, still sincerely professed to regard himself as only the chief servant of the state, to consider his great office a public trust; and it was he who, building upon the foundations laid by his father, began to organize the public service of Prussia as in very earnest a service of the public. His no less absolute successor, Frederic William III, under the inspiration of Stein, again, in his turn, advanced the work still further, planning many of the broader structural features which give firmness and form to Prussian administration to-day. Almost the whole of the admirable system has been developed by kingly initiative.

Of similar origin was the practice, if not the plan, of modern French administration, with its symmetrical divisions of

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territory and its orderly gradations of office. The days of the Revolution — of the Constituent Assembly — were days of constitution-*writing*, but they can hardly be called days of constitution-*making*. The Revolution heralded a period of constitutional development, — the entrance of France upon the second of those periods which I have enumerated,—but it did not itself inaugurate such a period. It interrupted and unsettled absolutism, but did not destroy it. Napoleon succeeded the monarchs of France, to exercise a power as unrestricted as they had ever possessed.

The recasting of French administration by Napoleon is, therefore, my second example of the perfecting of civil machinery by the single will of an absolute ruler before the dawn of a constitutional era. No corporate, popular will could ever have effected arrangements such as those which Napoleon commanded. Arrangements so simple at the expense of local prejudice, so logical in their indifference to popular choice, might be decreed by a Constituent Assembly, but could be established only by the unlimited authority of a despot. The system of the year VIII was ruthlessly thorough and heartlessly perfect. It was, besides, in large part, a return to the despotism that had been overthrown.

Among those nations, on the other hand, which entered upon a season of constitution-making and popular reform before administration had received the impress of liberal principle, administrative improvement has been tardy and half-done. Once a nation has embarked in the business of manufacturing constitutions, it finds it exceedingly difficult to close out that business and open for the public a bureau of skilled, economical administration. There seems to be no end to the tinkering of constitutions. Your ordinary constitution will last you hardly ten years without repairs or additions; and the time for administrative detail comes late.

Here, of course, our examples are England and our own country. In the days of the Angevin kings, before constitutional life had taken root in the Great Charter, legal and administrative reforms began to proceed with sense and vigor under the impulse of Henry II's shrewd, busy, pushing, in-

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domitable spirit and purpose; and kingly initiative seemed destined in England, as elsewhere, to shape governmental growth at its will. But impulsive, errant Richard and weak, despicable John were not the men to carry out such schemes as their father's. Administrative development gave place in their reigns to constitutional struggles; and Parliament became king before any English monarch had had the practical genius or the enlightened conscience to devise just and lasting forms for the civil service of the state.

The English race, consequently, has long and successfully studied the art of curbing executive power to the constant neglect of the art of perfecting executive methods. It has exercised itself much more in controlling than in energizing government. It has been more concerned to render government just and moderate than to make it facile, well-ordered, and effective. English and American political history has been a history, not of administrative development, but of legislative oversight,—not of progress in governmental organization, but of advance in law-making and political criticism. Consequently, we have reached a time when administrative study and creation are imperatively necessary to the well-being of our governments saddled with the habits of a long period of constitution-making. That period has practically closed, so far as the establishment of essential principles is concerned, but we cannot shake off its atmosphere. We go on criticizing when we ought to be creating. We have reached the third of the periods I have mentioned, — the period, namely, when the people have to develop administration in accordance with the constitutions they won for themselves in a previous period of struggle with absolute power; but we are not prepared for the tasks of the new period.

Such an explanation seems to afford the only escape from blank astonishment at the fact that, in spite of our vast advantages in point of political liberty, and above all in point of practical political skill and sagacity, so many nations are ahead of us in administrative organization and administrative skill. Why, for instance, have we but just begun purifying a civil

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service which was rotten full fifty years ago? To say that slavery diverted us is but to repeat what I have said — that flaws in our constitution delayed us.

Of course all reasonable preference would declare for this English and American course of politics rather than for that of any European country. We should not like to have had Prussia's history for the sake of having Prussia's administrative skill; and Prussia's particular system of administration would quite suffocate us. It is better to be untrained and free than to be servile and systematic. Still there is no denying that it would be better yet to be both free in spirit and proficient in practice. It is this even more reasonable preference which impels us to discover what there may be to hinder or delay us in naturalizing this much-to-be-desired science of administration.

What, then, is there to prevent?

Well, principally, popular sovereignty. It is harder for democracy to organize administration than for monarchy. The very completeness of our most cherished political successes in the past embarrasses us. We have enthroned public opinion; and it is forbidden us to hope during its reign for any quick schooling of the sovereign in executive expertness or in the conditions of perfect functional balance in government. The very fact that we have realized popular rule in its fulness has made the task of *organizing* that rule just so much the more difficult. In order to make any advance at all we must instruct and persuade a multitudinous monarch called public opinion,— a much less feasible undertaking than to influence a single monarch called a king. An individual sovereign will adopt a simple plan and carry it out directly: he will have but one opinion, and he will embody that one opinion in one command. But this other sovereign, the people, will have a score of differing opinions. They can agree upon nothing simple: advance must be made through compromise, by a compounding of differences, by a trimming of plans and a suppression of too straightforward principles. There will be a succession of resolves running through a course of years, a dropping fire of commands running through a whole gamut of modifications.

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In government, as in virtue, the hardest of hard things is to make progress. Formerly the reason for this was that the single person who was sovereign was generally either selfish, ignorant, timid, or a fool, — albeit there was now and again one who was wise. Nowadays the reason is that the many, the people, who are sovereign have no single ear which one can approach, and are selfish, ignorant, timid, stubborn, or foolish with the selfishness, the ignorances, the stubbornnesses, the timidities, or the follies of several thousand persons, — albeit there are hundreds who are wise. Once the advantage of the reformer was that the sovereign's mind had a definite locality, that it was contained in one man's head, and that consequently it could be gotten at; though it was his disadvantage that that mind learned only reluctantly or only in small quantities, or was under the influence of some one who let it learn only the wrong things. Now, on the contrary, the reformer is bewildered by the fact that the sovereign's mind has no definite locality, but is contained in a voting majority of several million heads; and embarrassed by the fact that the mind of this sovereign also is under the influence of favorites, who are none the less favorites in a good old-fashioned sense of the word because they are not persons but preconceived opinions; *i. e.*, prejudices which are not to be reasoned with because they are not the children of reason.

Wherever regard for public opinion is a first principle of government, practical reform must be slow and all reform must be full of compromises. For wherever public opinion exists it must rule. This is now an axiom half the world over, and will presently come to be believed even in Russia. Whoever would effect a change in a modern constitutional government must first educate his fellow-citizens to want *some* change. That done, he must persuade them to want the particular change he wants. He must first make public opinion willing to listen and then see to it that it listen to the right things. He must stir it up to search for an opinion, and then manage to put the right opinion in its way.

The first step is not less difficult than the second. With opinions, possession is more than nine points of the law. It is

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next to impossible to dislodge them. Institutions which one generation regards as only a makeshift approximation to the realization of a principle, the next generation honors as the nearest possible approximation to that principle, and the next worships as the principle itself. It takes scarcely three generations for the apotheosis. The grandson accepts his grandfather's hesitating experiment as an integral part of the fixed constitution of nature.

Even if we had clear insight into all the political past, and could form out of perfectly instructed heads a few steady, infallible, placidly wise maxims of government into which all sound political doctrine would be ultimately resolvable, *would the country act on them?* That is the question. The bulk of mankind is rigidly unphilosophical, and nowadays the bulk of mankind votes. A truth must become not only plain but also commonplace before it will be seen by the people who go to their work very early in the morning; and not to act upon it must involve great and pinching inconveniences before these same people will make up their minds to act upon it.

And where is this unphilosophical bulk of mankind more multifarious in its composition than in the United States? To know the public mind of this country, one must know the mind, not of Americans of the older stocks only, but also of Irishmen, of Germans, of negroes. In order to get a footing for new doctrine, one must influence minds cast in every mould of race, minds inheriting every bias of environment, warped by the histories of a score of different nations, warmed or chilled, closed or expanded by almost every climate of the globe.

So much, then, for the history of the study of administration, and the peculiarly difficult conditions under which, entering upon it when we do, we must undertake it. What, now, is the subject-matter of this study, and what are its characteristic objects?

II.

The field of administration is a field of business. It is removed from the hurry and strife of politics; it at most points stands apart even from the debatable ground of constitutional

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study. It is a part of political life only as the methods of the counting-house are a part of the life of society; only as machinery is part of the manufactured product. But it is, at the same time, raised very far above the dull level of mere technical detail by the fact that through its greater principles it is directly connected with the lasting maxims of political wisdom, the permanent truths of political progress.

The object of administrative study is to rescue executive methods from the confusion and costliness of empirical experiment and set them upon foundations laid deep in stable principle.

It is for this reason that we must regard civil-service reform in its present stages as but a prelude to a fuller administrative reform. We are now rectifying methods of appointment; we must go on to adjust executive functions more fitly and to prescribe better methods of executive organization and action. Civil-service reform is thus but a moral preparation for what is to follow. It is clearing the moral atmosphere of official life by establishing the sanctity of public office as a public trust, and, by making the service unpartisan, it is opening the way for making it businesslike. By sweetening its motives it is rendering it capable of improving its methods of work.

Let me expand a little what I have said of the province of administration. Most important to be observed is the truth already so much and so fortunately insisted upon by our civil-service reformers; namely, that administration lies outside the proper sphere of *politics*. Administrative questions are not political questions. Although politics sets the tasks for administration, it should not be suffered to manipulate its offices.

This is distinction of high authority; eminent German writers insist upon it as of course. Bluntschli,[1] for instance, bids us separate administration alike from politics and from law. Politics, he says, is state activity "in things great and universal," while "administration, on the other hand," is "the activity of the state in individual and small things. Politics is thus the special province of the statesman, administration of

[1] Politik, S. 467.

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the technical official." "Policy does nothing without the aid of administration"; but administration is not therefore politics. But we do not require German authority for this position; this discrimination between administration and politics is now, happily, too obvious to need further discussion.

There is another distinction which must be worked into all our conclusions, which, though but another side of that between administration and politics, is not quite so easy to keep sight of: I mean the distinction between *constitutional* and administrative questions, between those governmental adjustments which are essential to constitutional principle and those which are merely instrumental to the possibly changing purposes of a wisely adapting convenience.

One cannot easily make clear to every one just where administration resides in the various departments of any practicable government without entering upon particulars so numerous as to confuse and distinctions so minute as to distract. No lines of demarcation, setting apart administrative from non-administrative functions, can be run between this and that department of government without being run up hill and down dale, over dizzy heights of distinction and through dense jungles of statutory enactment, hither and thither around "ifs" and "buts," "whens" and "howevers," until they become altogether lost to the common eye not accustomed to this sort of surveying, and consequently not acquainted with the use of the theodolite of logical discernment. A great deal of administration goes about *incognito* to most of the world, being confounded now with political "management," and again with constitutional principle.

Perhaps this ease of confusion may explain such utterances as that of Niebuhr's: "Liberty," he says, "depends incomparably more upon administration than upon constitution." At first sight this appears to be largely true. Apparently facility in the actual exercise of liberty does depend more upon administrative arrangements than upon constitutional guarantees; although constitutional guarantees alone secure the existence of liberty. But — upon second thought — is even so much as this true? Liberty no more consists in easy functional move-

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ment than intelligence consists in the ease and vigor with which the limbs of a strong man move. The principles that rule within the man, or the constitution, are the vital springs of liberty or servitude. Because dependence and subjection are *without chains, are lightened by every easy-working device of* considerate, paternal government, they are not thereby transformed into liberty. Liberty cannot live apart from constitutional principle; and no administration, however perfect and liberal its methods, can give men more than a poor counterfeit of liberty if it rest upon illiberal principles of government.

A clear view of the difference between the province of constitutional law and the province of administrative function ought to leave no room for misconception; and it is possible to name some roughly definite criteria upon which such a view can be built. Public administration is detailed and systematic execution of public law. Every particular application of general law is an act of administration. The assessment and raising of taxes, for instance, the hanging of a criminal, the transportation and delivery of the mails, the equipment and recruiting of the army and navy, *etc.*, are all obviously acts of administration; but the general laws which direct these things to be done are as obviously outside of and above administration. The broad plans of governmental action are not administrative; the detailed execution of such plans is administrative. Constitutions, therefore, properly concern themselves only with those instrumentalities of government which are to control general law. Our federal constitution observes this principle in saying nothing of even the greatest of the purely executive offices, and speaking only of that President of the Union who was to share the legislative and policy-making functions of government, only of those judges of highest jurisdiction who were to interpret and guard its principles, and not of those who were merely to give utterance to them.

This is not quite the distinction between Will and answering Deed, because the administrator should have and does have a will of his own in the choice of means for accomplishing his work. He is not and ought not to be a mere passive instru-

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ment. The distinction is between general plans and special means.

There is, indeed, one point at which administrative studies trench on constitutional ground—or at least upon what seems constitutional ground. The study of administration, philosophically viewed, is closely connected with the study of the proper distribution of constitutional authority. To be efficient it must discover the simplest arrangements by which responsibility can be unmistakably fixed upon officials; the best way of dividing authority without hampering it, and responsibility without obscuring it. And this question of the distribution of authority, when taken into the sphere of the higher, the originating functions of government, is obviously a central constitutional question. If administrative study can discover the best principles upon which to base such distribution, it will have done constitutional study an invaluable service. Montesquieu did not, I am convinced, say the last word on this head.

To discover the best principle for the distribution of authority is of greater importance, possibly, under a democratic system, where officials serve many masters, than under others where they serve but a few. All sovereigns are suspicious of their servants, and the sovereign people is no exception to the rule; but how is its suspicion to be allayed by *knowledge?* If that suspicion could but be clarified into wise vigilance, it would be altogether salutary; if that vigilance could be aided by the unmistakable placing of responsibility, it would be altogether beneficent. Suspicion in itself is never healthful either in the private or in the public mind. *Trust is strength* in all relations of life; and, as it is the office of the constitutional reformer to create conditions of trustfulness, so it is the office of the administrative organizer to fit administration with conditions of clear-cut responsibility which shall insure trustworthiness.

And let me say that large powers and unhampered discretion seem to me the indispensable conditions of responsibility. Public attention must be easily directed, in each case of good or bad administration, to just the man deserving of praise or blame. There is no danger in power, if only it be not irresponsible. If it be divided, dealt out in shares to many, it is

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obscured; and if it be obscured, it is made irresponsible. But if it be centred in heads of the service and in heads of branches of the service, it is easily watched and brought to book. If to keep his office a man must achieve open and honest success, and if at the same time he feels himself intrusted with large freedom of discretion, the greater his power the less likely is he to abuse it, the more is he nerved and sobered and elevated by it. The less his power, the more safely obscure and unnoticed does he feel his position to be, and the more readily does he relapse into remissness.

Just here we manifestly emerge upon the field of that still larger question,—the proper relations between public opinion and administration.

To whom is official trustworthiness to be disclosed, and by whom is it to be rewarded? Is the official to look to the public for his meed of praise and his push of promotion, or only to his superior in office? Are the people to be called in to settle administrative discipline as they are called in to settle constitutional principles? These questions evidently find their root in what is undoubtedly the fundamental problem of this whole study. That problem is: What part shall public opinion take in the conduct of administration?

The right answer seems to be, that public opinion shall play the part of authoritative critic.

But the *method* by which its authority shall be made to tell? Our peculiar American difficulty in organizing administration is not the danger of losing liberty, but the danger of not being able or willing to separate its essentials from its accidents. Our success is made doubtful by that besetting error of ours, the error of trying to do too much by vote. Self-government does not consist in having a hand in everything, any more than housekeeping consists necessarily in cooking dinner with one's own hands. The cook must be trusted with a large discretion as to the management of the fires and the ovens.

In those countries in which public opinion has yet to be instructed in its privileges, yet to be accustomed to having its own way, this question as to the province of public opinion is much more readily soluble than in this country, where public

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opinion is wide awake and quite intent upon having its own way anyhow. It is pathetic to see a whole book written by a German professor of political science for the purpose of saying to his countrymen, "Please try to have an opinion about national affairs"; but a public which is so modest may at least be expected to be very docile and acquiescent in learning what things it has *not* a right to think and speak about imperatively. It may be sluggish, but it will not be meddlesome. It will submit to be instructed before it tries to instruct. Its political education will come before its political activity. In trying to instruct our own public opinion, we are dealing with a pupil apt to think itself quite sufficiently instructed beforehand.

The problem is to make public opinion efficient without suffering it to be meddlesome. Directly exercised, in the oversight of the daily details and in the choice of the daily means of government, public criticism is of course a clumsy nuisance, a rustic handling delicate machinery. But as superintending the greater forces of formative policy alike in politics and administration, public criticism is altogether safe and beneficent, altogether indispensable. Let administrative study find the best means for giving public criticism this control and for shutting it out from all other interference.

But is the whole duty of administrative study done when it has taught the people what sort of administration to desire and demand, and how to get what they demand? Ought it not to go on to drill candidates for the public service?

There is an admirable movement towards universal political education now afoot in this country. The time will soon come when no college of respectability can afford to do without a well-filled chair of political science. But the education thus imparted will go but a certain length. It will multiply the number of intelligent critics of government, but it will create no competent body of administrators. It will prepare the way for the development of a sure-footed understanding of the general principles of government, but it will not necessarily foster skill in conducting government. It is an education which will equip legislators, perhaps, but not executive officials. If we are to improve public opinion, which is the motive power of govern-

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ment, we must prepare better officials as the *apparatus* of government. If we are to put in new boilers and to mend the fires which drive our governmental machinery, we must not leave the old wheels and joints and valves and bands to creak and buzz and clatter on as best they may at bidding of the new force. We must put in new running parts wherever there is the least lack of strength or adjustment. It will be necessary to organize democracy by sending up to the competitive examinations for the civil service men definitely prepared for standing liberal tests as to technical knowledge. A technically schooled civil service will presently have become indispensable.

I know that a corps of civil servants prepared by a special schooling and drilled, after appointment, into a perfected organization, with appropriate hierarchy and characteristic discipline, seems to a great many very thoughtful persons to contain elements which might combine to make an offensive official class,—a distinct, semi-corporate body with sympathies divorced from those of a progressive, free-spirited people, and with hearts narrowed to the meanness of a bigoted officialism. Certainly such a class would be altogether hateful and harmful in the United States. Any measures calculated to produce it would for us be measures of reaction and of folly.

But to fear the creation of a domineering, illiberal officialism as a result of the studies I am here proposing is to miss altogether the principle upon which I wish most to insist. That principle is, that administration in the United States must be at all points sensitive to public opinion. A body of thoroughly trained officials serving during good behavior we must have in any case: that is a plain business necessity. But the apprehension that such a body will be anything un-American clears away the moment it is asked, What is to constitute good behavior? For that question obviously carries its own answer on its face. Steady, hearty allegiance to the policy of the government they serve will constitute good behavior. That *policy* will have no taint of officialism about it. It will not be the creation of permanent officials, but of statesmen whose responsibility to public opinion will be direct and inevitable. Bureaucracy can exist only where the whole service of the state is removed from the

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common political life of the people, its chiefs as well as its rank and file. Its motives, its objects, its policy, its standards, must be bureaucratic. It would be difficult to point out any examples of impudent exclusiveness and arbitrariness on the part of officials doing service under a chief of department who really served the people, as all our chiefs of departments must be made to do. It would be easy, on the other hand, to adduce other instances like that of the influence of Stein in Prussia, where the leadership of one statesman imbued with true public spirit transformed arrogant and perfunctory bureaux into public-spirited instruments of just government.

The ideal for us is a civil service cultured and self-sufficient enough to act with sense and vigor, and yet so intimately connected with the popular thought, by means of elections and constant public counsel, as to find arbitrariness or class spirit quite out of the question.

III.

Having thus viewed in some sort the subject-matter and the objects of this study of administration, what are we to conclude as to the methods best suited to it—the points of view most advantageous for it?

Government is so near us, so much a thing of our daily familiar handling, that we can with difficulty see the need of any philosophical study of it, or the exact point of such study, should it be undertaken. We have been on our feet too long to study now the art of walking. We are a practical people, made so apt, so adept in self-government by centuries of experimental drill that we are scarcely any longer capable of perceiving the awkwardness of the particular system we may be using, just because it is so easy for us to use any system. We do not study the art of governing: we govern. But mere unschooled genius for affairs will not save us from sad blunders in administration. Though democrats by long inheritance and repeated choice, we are still rather crude democrats. Old as democracy is, its organization on a basis of modern ideas and conditions is still an unaccomplished work. The democratic state has yet to be equipped for carrying those enormous burdens of adminis-

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tration which the needs of this industrial and trading age are so fast accumulating. Without comparative studies in government we cannot rid ourselves of the misconception that administration stands upon an essentially different basis in a democratic state from that on which it stands in a non-democratic state.

After such study we could grant democracy the sufficient honor of ultimately determining by debate all essential questions affecting the public weal, of basing all structures of policy upon the major will; but we would have found but one rule of good administration for all governments alike. So far as administrative functions are concerned, all governments have a strong structural likeness; more than that, if they are to be uniformly useful and efficient, they *must* have a strong structural likeness. A free man has the same bodily organs, the same executive parts, as the slave, however different may be his motives, his services, his energies. Monarchies and democracies, radically different as they are in other respects, have in reality much the same business to look to.

It is abundantly safe nowadays to insist upon this actual likeness of all governments, because these are days when abuses of power are easily exposed and arrested, in countries like our own, by a bold, alert, inquisitive, detective public thought and a sturdy popular self-dependence such as never existed before. We are slow to appreciate this; but it is easy to appreciate it. Try to imagine personal government in the United States. It is like trying to imagine a national worship of Zeus. Our imaginations are too modern for the feat.

But, besides being safe, it is necessary to see that for all governments alike the legitimate ends of administration are the same, in order not to be frightened at the idea of looking into foreign systems of administration for instruction and suggestion; in order to get rid of the apprehension that we might perchance blindly borrow something incompatible with our principles. That man is blindly astray who denounces attempts to transplant foreign systems into this country. It is impossible: they simply would not grow here. But why should we not use such parts of foreign contrivances as we want, if they be in any way serviceable? We are in no danger of using

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them in a foreign way. We borrowed rice, but we do not eat it with chopsticks. We borrowed our whole political language from England, but we leave the words "king" and "lords" out of it. What did we ever originate, except the action of the federal government upon individuals and some of the functions of the federal supreme court?

We can borrow the science of administration with safety and profit if only we read all fundamental differences of condition into its essential tenets. We have only to filter it through our constitutions, only to put it over a slow fire of criticism and distil away its foreign gases.

I know that there is a sneaking fear in some conscientiously patriotic minds that studies of European systems might signalize some foreign methods as better than some American methods; and the fear is easily to be understood. But it would scarcely be avowed in just any company.

It is the more necessary to insist upon thus putting away all prejudices against looking anywhere in the world but at home for suggestions in this study, because nowhere else in the whole field of politics, it would seem, can we make use of the historical, comparative method more safely than in this province of administration. Perhaps the more novel the forms we study the better. We shall the sooner learn the peculiarities of our own methods. We can never learn either our own weaknesses or our own virtues by comparing ourselves with ourselves. We are too used to the appearance and procedure of our own system to see its true significance. Perhaps even the English system is too much like our own to be used to the most profit in illustration. It is best on the whole to get entirely away from our own atmosphere and to be most careful in examining such systems as those of France and Germany. Seeing our own institutions through such *media*, we see ourselves as foreigners might see us were they to look at us without preconceptions. Of ourselves, so long as we know only ourselves, we know nothing.

Let it be noted that it is the distinction, already drawn, between administration and politics which makes the compara-

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tive method so safe in the field of administration. When we study the administrative systems of France and Germany, knowing that we are not in search of *political* principles, we need not care a peppercorn for the constitutional or political reasons which Frenchmen or Germans give for their practices when explaining them to us. If I see a murderous fellow sharpening a knife cleverly, I can borrow his way of sharpening the knife without borrowing his probable intention to commit murder with it; and so, if I see a monarchist dyed in the wool managing a public bureau well, I can learn his business methods without changing one of my republican spots. He may serve his king; I will continue to serve the people; but I should like to serve my sovereign as well as he serves his. By keeping this distinction in view,—that is, by studying administration as a means of putting our own politics into convenient practice, as a means of making what is democratically politic towards all administratively possible towards each,—we are on perfectly safe ground, and can learn without error what foreign systems have to teach us. We thus devise an adjusting weight for our comparative method of study. We can thus scrutinize the anatomy of foreign governments without fear of getting any of their diseases into our veins; dissect alien systems without apprehension of blood-poisoning.

Our own politics must be the touchstone for all theories. The principles on which to base a science of administration for America must be principles which have democratic policy very much at heart. And, to suit American habit, all general theories must, as theories, keep modestly in the background, not in open argument only, but even in our own minds,—lest opinions satisfactory only to the standards of the library should be dogmatically used, as if they must be quite as satisfactory to the standards of practical politics as well. Doctrinaire devices must be postponed to tested practices. Arrangements not only sanctioned by conclusive experience elsewhere but also congenial to American habit must be preferred without hesitation to theoretical perfection. In a word, steady, practical statesmanship must come first, closet doctrine second. The cosmo-

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politan what-to-do must always be commanded by the American how-to-do-it.

Our duty is, to supply the best possible life to a *federal* organization, to systems within systems; to make town, city, county, state, and federal governments live with a like strength and an equally assured healthfulness, keeping each unquestionably its own master and yet making all interdependent and co-operative, combining independence with mutual helpfulness. The task is great and important enough to attract the best minds.

This interlacing of local self-government with federal self-government is quite a modern conception. It is not like the arrangements of imperial federation in Germany. There local government is not yet, fully, local *self*-government. The bureaucrat is everywhere busy. His efficiency springs out of *esprit de corps*, out of care to make ingratiating obeisance to the authority of a superior, or, at best, out of the soil of a sensitive conscience. He serves, not the public, but an irresponsible minister. The question for us is, how shall our series of governments within governments be so administered that it shall always be to the interest of the public officer to serve, not his superior alone but the community also, with the best efforts of his talents and the soberest service of his conscience? How shall such service be made to his commonest interest by contributing abundantly to his sustenance, to his dearest interest by furthering his ambition, and to his highest interest by advancing his honor and establishing his character? And how shall this be done alike for the local part and for the national whole?

If we solve this problem we shall again pilot the world. There is a tendency—is there not?—a tendency as yet dim, but already steadily impulsive and clearly destined to prevail, towards, first the confederation of parts of empires like the British, and finally of great states themselves. Instead of centralization of power, there is to be wide union with tolerated divisions of prerogative. This is a tendency towards the American type—of governments joined with governments for

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the pursuit of common purposes, in honorary equality and honorable subordination. Like principles of civil liberty are everywhere fostering like methods of government; and if comparative studies of the ways and means of government should enable us to offer suggestions which will practicably combine openness and vigor in the administration of such governments with ready docility to all serious, well-sustained public criticism, they will have approved themselves worthy to be ranked among the highest and most fruitful of the great departments of political study. That they will issue in such suggestions I confidently hope.

WOODROW WILSON

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"A PROFESSOR WITH A STYLE"

IF, from the preceding pages, the editor had deleted occasional sentences that disclose their date, and if he had omitted the signature of the distinguished author, this essay would seem to have been written as a tract for *our* times. Apart from a few references to the recent "creation of national commissioners of railroads"; to a start at "purifying the civil service"; and to Prussia's administrative system which "would quite suffocate us" — what else is there to suggest that this essay appeared in the POLITICAL SCIENCE QUARTERLY for June 1887?

Even the plea that more attention be paid to public administration is, with a different emphasis, still relevant. Long a subject of university study, public administration has attracted the attention of more and more thoughtful students. The American literature on it is now enormous. Special schools train public servants. The merit system, in President Roosevelt's phrase, has been extended "upward, outward, and downward." Organizations of employees have created a strong consciousness of kind which has greatly improved morale and directed intelligent and disinterested as well as selfish attention to professional tasks and interests. Tremendous improvements have come in the lower levels of management, but the democratic states still wrestle with the problem of efficient direction at the top. On this all-important subject Woodrow Wilson's essay today furnishes light and leading.

Curiously enough, for his essay, which at once became famous among the group who thought about, and wrote on, public administration, Wilson himself had little enthusiasm. His letter to Professor Seligman [1] which appears here in facsimile suggested that if the editor of the QUARTERLY refused to publish the proffered contribution, the declination would only confirm the author's judgment that he had not dealt adequately with a large subject. "Caviare to the general" the

[1] This letter is a part of "The Seligman Correspondence" (POLITICAL SCIENCE QUARTERLY, Sept. 1941, p. 401), which was edited by Joseph Dorfman, of Columbia University.

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essay may have been, but, paraphrasing as well as quoting Hamlet, those most qualified to judge thought it excellent, well digested, "and set down with as much modesty as cunning." To students of public administration, Woodrow Wilson's article has always been a mine of wisdom and a model of succinct statement. More than this, its achievement set a goal toward which some of us have wished to strive. Who of us does not wish to distill as of his time his learning and philosophy on administration—which Lord Morley called "the keystone of all civilized government" — and have his essay remembered, read and reread? What twenty-five pages on public administration from any other writer are so revealing of the historical resources of the author's mind and so replete with plangent phrases? To his brilliant essay on Sir Henry Maine, Wilson gave the title "A Lawyer with a Style". He himself was "A Professor with a Style".

Just before he wrote on administration, Wilson had completed an essay, "The Study of Politics", which he liked well enough to reprint in *An Old Master and Other Political Essays* (1893). Here he argued, as he did elsewhere, that the student must see politics alive and not be content with reading about them in books; that if he can take some—even a minor—part in politics he will be a much better writer on them. John Stuart Mill, John Morley and James Bryce, he thought, were much better writers because they were men of the world. He might have cited the testimony of Gibbon, who, an officer in the militia without ever seeing a battle, and a member of the House of Commons who never made a speech, nevertheless boasted that "the captain of the Hampshire Grenadiers has not been useless to the historian of the Roman Empire," and that Parliament had been "a school of civil prudence, the first and most essential virtue of an historian."

Advocacy of the study of politics could, in the eighties, command a wider audience than could advocacy of the study of public administration. Even then, however, politics or political science, as a separate subject of academic instruction, was still suspect. Only two years before Wilson wrote, Sir John Seeley, Regius Professor of Modern History at Cam-

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bridge, had argued that in lecturing on political science he was really lecturing on history: "history without political science has no fruit; political science without history has no roots." Public administration was then and still is a more restricted subject, but the years have given it far greater importance. "Wise men", said Sir Henry Taylor, a half-century before Wilson wrote his essay, "have always perceived that the execution of political measures is in reality the essence of them." Since execution so frequently leaves much to be desired, are we to conclude that the wise men are few or only that they are reluctant to put their perceptions into practice?

"He that goeth about to persuade a multitude, that they are not so well governed as they ought to be, shall never want attentive and favourable hearers." So wrote Richard Hooker in his *Laws of Ecclesiastical Polity* and added that what was lacking "in the weight of speech is supplied by the aptness of men's minds to accept and believe it." That may have been true of the sixteenth century but it is not true of our own times. In 1887, Woodrow Wilson wrote that "the democratic state has yet to be equipped for carrying those enormous burdens of administration which the needs of this industrial and trading age are so fast accumulating." Fifty years later, in transmitting to Congress the report of his Committee on Administrative Management, President Roosevelt asked that Congress give "to the executive branch modern tools of management and an up-to-date organization which will enable the Government to go forward efficiently." Only thus could we "prove to the world that the American Government is both democratic and effective." Meanwhile, however, the writer of this essay, as President of the United States, had had an opportunity to practice what, as a professor with a style, he had preached.

In England and in the United States few men who did (or could) gain their livelihood with their pens have ever been Prime Minister or President. Disraeli and Winston Churchill, Theodore Roosevelt and Woodrow Wilson — can the list be lengthened? Rarer still is the statesman who when he reaches high office has a chance to try out what, as a publicist, he has

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urged on his predecessors then in the seats of the mighty. Before he became Prime Minister, Ramsay Macdonald in books and pamphlets had laid down what a Socialist government should attempt to do. In office, his recantation was complete and stemmed as much from his own choice as from the weakness and indecision of his parliamentary backing. As long ago as 1917, Léon Blum, as a publicist, outlined his views on the reorganization of the French government. In 1936, as he was assuming the headship of the Front Populaire government, he revised and republished his recommendations under the title, *La Réforme Gouvernementale*. During the unhappy year that he stayed in office, he did much, but it was too little. Had Blum not been hampered and hamstrung by the demands and jealousies of his colleagues and by parliamentary suspicions, France might have avoided the disasters that speedily overtook her. Certainly the disasters would have been postponed and, if they had come, would have been less catastrophic and humiliating.

In our own country, Woodrow Wilson, while a professor, had made it plain that he considered a responsible cabinet system to have distinct advantages over a presidential system which separated the executive and legislature, and forced the President, as he later told Congress, to hail it "from some isolated island of jealous power" instead of acting as "a human being trying to coöperate with other human beings in a common service." During his first administration, through the dexterous use of party he was able to be more of a prime minister than any previous President had been, and succeeded in getting his program of legislation onto the statute books. There was then a better feeling between the President and his party in Congress and a more efficient machinery of coöperation than has since been the case. As one who, in *The Forum* for February 1914, under the title, "President Wilson's Theory of His Office", discussed the methods of this coöperation, my nostalgia may be more extreme than present discords warrant.

This is not the place to deal in any detail with Wilson as a war minister. That he practiced many things he had preached in his QUARTERLY article the record of the war years clearly

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demonstrates. Delay, waste and inefficiency were at first unavoidable. "It is better", his article had said, "to be untrained and free than to be servile and systematic." That was with reference to the Prussian system of administration. It was against Prussia that we were then fighting, and it is against a far more bestial form of Prussianism that we again fight.

But Wilson soon established an efficient machinery for the effort that the United States was to undertake — the raising and transportation of an army, the support of the navy, and the gigantic industrial expansion that they required. He delegated authority but watched its use. In the war volumes of Ray Stannard Baker's notable biography Wilson appears as a lone worker who preferred to deal with papers rather than with persons; who spent long hours secluded in his study, with interviews reduced to a minimum; who poured over memoranda and issued directions. Thus he kept in touch with and supervised all the myriad and ramified phases of our participation in the First World War. The picture the country had of him at the time the Baker volumes authenticate: a President and Commander-in-Chief who was not too busy to think because he had mastered the first rule of successful administration—he was able to determine what was so unimportant that he should not waste time on it.

The lesson of the last time and the teachings of the present clearly demonstrate that the higher direction of governmental affairs in war time is an extremely personal matter. Whether or no there is a science of public administration, the top practitioners of the science (or art) make their own rules and decide when to ignore them. Clemenceau ran a one-man show. He was his own minister of war; he ignored ceremonial and non-military tasks. His success was due in large measure to the fact that, after he had said, "*Je fais la guerre*", he did nothing else.

Lloyd George put himself in commission, so to speak. In his War Cabinet he was *primus inter pares*, but the organization that he had both of colleagues and of secretariat made it certain that, when matters came up for decision, all relevant information was in readiness, all opposing views had been

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ascertained, and clashing opinions were ready for their hearing. A machinery of preparation and discussion was an effective safeguard against anything that was impromptu. It was, to use a word which has since become common—too common in use and too rare in practice—a *planning* machinery.

Since the present war began, too frequently it has seemed as though the lessons of the last time have been completely forgotten. On paper, in its Superior Council of National Defence and other groupings, France had an organization which was intended to make it certain that thought preceded action and that proper choices were made. Nevertheless, France reverted to what in pre-Clemenceau days was called *le système D* —"*débrouille toi*"—"muddle through". This time, unhappily, there was no "Tiger" who could pick up the reins of government from faltering hands and galvanize a discouraged country with the confident cry, "*Je fais la guerre.*"

In Great Britain, both within and without the House of Commons, there have been continual regrets that membership in both the Chamberlain and the Churchill War Cabinets has been too frequently the accolade due elderly but not so "verray parfit gentil knights" who had served the Conservative Party well, or just another task imposed on ministers already overburdened with routine departmental duties. Certain it is that as a planning, coördinating organization, Mr. Churchill's War Cabinet, neither in structure nor in membership, can be as efficient as was the Lloyd George War Cabinet which deliberately excluded ministers charged with responsibility for government departments.

Since our defense preparations began on a large scale and since the realization that, in President Wilson's phrase, "time is of the essence", there has been continual criticism that our administrative machinery is so poorly constructed that it cannot be efficient; that responsibility is not delegated; that the White House is our worst bottleneck, and that there is no supervising agency charged with seeing to it that the services no longer move in a mysterious way their blunders to perform. These criticisms have already forced some changes for the better. They will force many more. May it not be said of

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them that they come too late! Perhaps they would come sooner if those charged with administrative responsibility could take a little time off from the pressing duties of the day and read Woodrow Wilson's article. After they had finished, they could well send marked copies to the Hill at the other end of Pennsylvania Avenue.

One of Woodrow Wilson's points was that a legislature must help administration become efficient. The English race, he said, "has long and successfully studied the art of curbing executive power to the constant neglect of the art of perfecting executive methods. It has exercised itself much more in controlling than in energizing government." The various legislative committees which now peer into what they think may be dark corners of the administration are more concerned with discovering derelictions than they are in making it certain that decisions are intelligent and implementation is rapid. They do not realize the truth of Fouché's maxim: "It was worse than a crime; it was a blunder." They refuse to believe, with Wilson, that "large powers and unhampered discretion" are "the indispensable conditions of responsibility"; that "there is no danger in power, if only it be not irresponsible"; and that "if it be centered in heads of the service and in heads of the branches of the service it is easily watched and brought to book." And on the executive side there is still a large measure of disbelief in Wilson's proposition that "mere unschooled genius for affairs will not save us from sad blunders in administration."

While he was President, Woodrow Wilson used to talk of a great work on "The Principles of Politics" which he would write when he returned to private life. It was, alas, never written. Too little of our literature on politics has come from the pens of those who have been well immersed in public affairs and who, after being relieved of their duties, are able to reflect on their experiences and extract lessons for puzzled successors. In this respect American political literature is especially meager. Chapters in Lloyd George's *Memoirs* are golden, but alas (again) the gold standard is in abeyance. Winston Churchill seems to have forgotten certain eloquent pages in

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The World Crisis. Fragments from Lord Haldane, who was (and is) more admired by the generals than any other British Secretary of State for War, must be unknown to present-day Whitehall and White House. Where else in the *writings* of men of action may the present administrator learn the lessons of the past? Unhappily he has ample case studies of hesitations and fumblings, of red-tapeworms at work, and of lost opportunities—and this at a time when strategical, political, economic, industrial and morale problems are vastly more complicated and clamant than ever before.

Woodrow Wilson's article is rarely specific. "Example is always more efficacious than precept", Dr. Johnson told us. As President of the United States—and a great one—Wilson furnished the example but unhappily we cannot learn from his own writings what he thought of it. The precepts he set forth more than fifty years ago are still worth pondering. Why is this the case? One reason is that, as with the play in Hamlet, there are "sallets in the lines to make the matter savoury."

Reviewing a treatise by a fellow professor, Woodrow Wilson once said that it was built "upon the homeliest principles of grammatical joinery." That, most emphatically and always, was not the case with his own writings. Of his essay "The Study of Politics" Mr. Baker records that he spent much labor on it to make it "beautiful to read." For Woodrow Wilson's belief was that when "words are used simply as counters, without regard to the material out of which they are made or to the significance which they bear in their hearts", a book or an essay thus constituted would be consulted but could "itself never live" for "it is not made up of living tissue." Such an essay "may suggest life but it cannot impart it." When it was first published, "The Study of Administration" imparted life. It still does so, and for this reason the POLITICAL SCIENCE QUARTERLY has reprinted it.

LINDSAY ROGERS

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POLICIES OF NATIONAL MANUFACTURING
SPITZENVERBÄNDE III

II. Political Policies: Bureaucracy, Hierarchy, Totalitarianism

"THE animosity of German capitalism against the state", wrote Professor Bonn on the eve of the Nazi coup d'état, "does not rest upon fundamental foundations, but upon purely opportunistic considerations. It is opposed to the state when state control is in the hands of a political majority whose permanent good will it doubts. German capitalism, which would like to be freed of the power of the state, and which seeks to push back state intervention as far as possible, is constructed exclusively upon the most thorough intervention of the state." [78] A correct generalization this, but one which might have been as readily applied to monopolistically-oriented business in any other major or minor capitalistic country. For the confessed objectives of German business which filled Bonn with gloomy foreboding—the drive for a well-nigh all-inclusive system of tariff protection, ever more elaborate subsidies and subventions, more and more governmental aid in the control over competition, the growing demand for more "self-government in business", etc.—were at that same time coming swiftly to dominate the programs of organized business all over the world.

German levels of organization were, as Bonn wrote, doubtless somewhat higher than those obtaining abroad, the political clarity of her business leaders was less confused by serious factional crosscurrents, and the attitude of the government in general was far more lenient. But the patterns of thought, the modes of procedure, the form of organization, and the principles at stake were shared by companion interests in England, France, the United States and elsewhere. In all those fields of special

[78] M. J. Bonn, *Das Schicksal des deutschen Kapitalismus* (rev. ed. Berlin, 1930), pp. 95-96, 98.

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interests which they had explored there was nothing in principle to distinguish objectives, and not much to distinguish programs or procedures, of the *Reichsverband der Deutschen Industrie* from that of the *National Association of Manufacturers* in the United States or the *Confédération Générale de la Production Française;* and, least of all, to distinguish the trend of economic thinking, social outlook, and political interests of the huge, omnivorous industrial and financial combinations in the several capitalistic countries which had come increasingly to dominate the inner councils of their respective central associations.

Since Bonn wrote, this dual process of expanding business organization and business-government interpenetration has been greatly speeded up. Within three major capitalistic countries the fusion between private enterprise and political authority has been extended far enough for the habit of regarding politics and economics as but two facets of a single thing to become the rule and not the exception. Fascist Italy has greatly expanded the power and influence of the corporate system. Germany has become National Socialist, and the whole of her elaborate economic machinery has been given some degree or other of official political status. Japan has followed suit, and from latest reports France under the occupation is treading the same path. N.R.A. within the United States pointed in the same general direction, and, except for the more recent developments, the national defense program under the direction of O.P.M. (Office of Production Management) appears to be picking up where that ill-fated experiment left off.[79] British war controls, as the London *Economist* has pointed out in a series of caustic articles, have vested in private hands political authorities which sanctify *de jure* what was rapidly becoming *de facto* a "feudalistic system of cartel control".

Now it is important to remember in appraising the significance of this morganatic alliance of private economic power and government that the former derives from a system of monopoly, or of interlocking monopoly-minded groups, and

[79] See, e.g., I. F. Stone, *Business as Usual* (New York, 1941).

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that the institutional umbilicus of this monopoly-orientation feeds upon the sanctions of private property. It is, of course, a truism that even in its germinal form private property is far more than a mere economic category; it is equally a political institution. Through ownership of productive means one is, under capitalism, vested with a bundle of definitive rights and prerogatives. Under these sanctions one is granted narrowly defined but inherently *exclusive power* to manipulate in a closely-knit environment of what have shortly become series of rigorously interdependent human relations. Whether, as Spencer once wrote in a scorching passage, "the original deeds were written with the sword", with and through such possessions one can coerce, bend others to one's will, withhold, restrain, settle the fate and alter the fortunes of growing numbers of non-owners without, and increasingly against, their consent. Its *natural* frame of reference, that is to say, is and has been from the beginning as clearly political as economic, as obviously "Machiavellian" as "Ricardian".

Fee simple is related to private monopoly as youth is to age, as the tiny acorn to the spreading oak. It is the minuscular shape, the germinal form, the archetypal pattern for the proliferating giants which have sprung from its institutional loins. Given private property in the means of production generalized throughout an economic system and left largely unimpaired by hostile countervailing forces, sooner or later monopoly in all its manifold expressions must appear on the scene. For property is power, and collusion is as "natural" as competition—a fact which the great Adam Smith was quick to recognize.[80] Because this is true, growth of such possessions

[80] The passages are well known: "Masters are always and everywhere in a sort of tacit, but constant and uniform combination, not to raise the wages of labour above their actual rate. To violate this combination is everywhere a most unpopular action [today it would be known as an "unfair trade practice"!], and a sort of reproach to a master among his neighbors and equals. We seldom, indeed, hear of this combination, because it is the usual, and one may say, the natural state of things, which nobody ever hears of." Again: "People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices. It is impossible indeed to prevent such meetings, by any law which either could be executed, or would be consistent with

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expresses power cumulatively; left to itself this power is additive and unidirectional, without internal restraints and external limits. Its higher economic form of expression is monopoly, and monopoly prerogatives are to power as fulcrum is to lever.

Power is compulsive, and when distributed unequally between bargaining groups is irreconcilable with "free contract". Fee simple distributes power unevenly between the "haves" and the "have-nots"; monopoly heightens and complicates the disproportionalities in the graduated ranks of both. Law and the courts as frequently underline as correct the resultant distortion. It is this configuration of coercive forces, disproportionately matched, which accounts for the usual and inherently lop-sided contract and not the nature of the rights of bargaining groups. Power, in private hands, comes up against such claims as water to a wall, taking advantage of every crevice, depression, resource or structural weakness. The proper expression is, not "expansion of power" from out these property nuclei, but *cumulative permeation of power*, as the history of the unfolding controls of all the great combines, cartels, trade associations, and *Spitzenverbände* abundantly shows.

Now it is a common characteristic of all monopoly-oriented groupings, major and minor, that each newly acquired leverage is employed more typically for further collusive, than for competitive, efforts. Not "monopolistic competition" but "monopolistic collusion" paces the gathering up and centralization of power to determine business policies over ever-widening areas.[81] In plans lying behind the strategies of price fixation

liberty and justice. *But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies; much less to render them necessary.*" *Wealth of Nations* (Cannan edition), pp. 66-67, 128. (Italics mine.) This latter, of course, is exactly what is done by N.R.A., various price maintenance, unfair trade practice, marketing control and other recent types of legislation (not to mention O.P.M.'s elaborate system of industrial committees) to be found in similar form in practically all other countries, totalitarian and non-totalitarian alike. For the word "necessary" one must now substitute the word "compulsory" in about half the cases!

[81] See, for example, Rudolph Callman, *Das deutsche Kartellrecht*, and *idem* (ed.), *Der unlautere Wettbewerb* (Mannheim-Berlin-Leipzig, 1932), for the

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such things as production control, market allocations, and similar economic programs become increasingly vehicles for the strengthening of tactical position in the pressure politics of collusive *Realpolitik*, and not ends in themselves as so many recent economic theorists have mistakenly assumed. But more than that, as struggle for strategic position broadens out over wider and wider areas, both ends and means become increasingly enmeshed in more or less distinctly and canonically social and political issues—issues which, to employ the language of Karl Mannheim, reach to the "roots of domination" and thus become "vested with a public interest" in a new and revolutionary sense of the term.

Why this is so may be read directly from the record by the more astute who have steeped themselves in the raw materials of the combination and business organization movements. But there is a certain "internal logic" to these transmutations of monopoly-minded policy which may be thrown into relief by a less orthodox and less time-consuming method. Consider first the nature of the new business self-bureaucratization.

1. *The Nature of Business Bureaucratization*

To say that business enterprise in all major capitalistic countries is becoming bureaucratic is to add nothing new. It is so well accepted in the technical literature that it no longer requires proof.[82] Obviously the vast control apparatus and the elaborate organizational machinery of large-scale enterprises, of cartels and trade associations, and of their various peak associations call for functional division of duties, for circum-

German literature; Lucas, *Industrial Reconstruction and the Control of Competition* for the British story; and the various reports of the La Follette Committee, the Temporary National Economic Committee, and the indictments of the Anti-Trust Division of the Department of Justice and the Federal Trade Commission.

[82] See, in particular, James D. Mooney and Alan C. Reiley, *Onward Industry: The Principles of Organization and Their Significance to Modern Industry* (New York and London, 1931); Marshall E. Dimock and Howard K. Hyde, *Bureaucracy and Trusteeship in Large Corporations* (TNEC Monograph No. 11), and the various summary volumes of the huge German *Enquete Ausschuss*, in particular the *Gesamtbericht*. See also Louis D. Brandeis' provocative volume, *The Curse of Bigness* (New York, 1934).

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scription of tasks and fixation of special responsibilities, for hierarchies of command and subordination, for special systems of recruitment and training of personnel at different levels of competence, etc. Obviously the growth in size and complexity of the individual business enterprise, the spread of ever more inclusive cartel and trade association networks, the gathering up and centralizing of policies in series of interlocking *Spitzenverbände*, the formalization of relationships not only among these various business groupings but vis-à-vis the ever widening system of governmental regulation (whether friendly or hostile to business) and the ever greater attention paid to expert staff counsel, not to mention the science of management and administration itself — obviously these mean steady and cumulative bureaucratization of business. On present showing it is possible to predict that in the normal course of events the time will shortly arrive when all business activity, big and little, and from center to circumference, will be enmeshed in bureaucratic machinery, will conduct the activities in terms of bureaucratic dicta, following bureaucratic procedures, and complying with bureaucratic criteria.

This is to say that business is becoming organized; that organization is becoming large scale, highly centralized, and complex; and that such centralization and complexity define the area of bureaucratic control. But there are many types of bureaucracies, good and bad. The question is not, "is business being bureaucratized?", but rather, "what type of bureaucracy is coming to dominate in business circles?"

There are three clues which merit especially close and careful inspection. First is the system of recruitment and training. The more one pages through the literature and publicity of the giant corporations and the networks of business and employer organization brought together under the central policy direction of the *Spitzenverbände,* the more one is struck by the increasing attention devoted to this subject.[88] A variety of

[82] Leading members of the *Reichsverband der Deutschen Industrie* sponsored *Dinta* (*Deutsches Institut für Technische Arbeitsschulung*), an apprentice-training organization whose ideas were universalized by the Nazi government over the entire German industrial system. The National Association of Manu-

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motives dominates. A common incentive is specialized training for specialized jobs. Uppermost at times is the desire to take control over jobs away from the trade unions.[84] In many cases this objective appears to be more narrowly conceived as the recruitment of an absolutely loyal corps of workers from which the future managerial forces will be selected.[85] Quite generally the purpose is to attach managerial—and sometimes even non-managerial — ranks directly to the individual company or trade so as to cut down the high expense associated with turnover of an executive and staff personnel which it is becoming increasingly costly to "break in".[86] Again, and perhaps more commonly in recent years, it provides an extremely effective method for the spread of anti-trade-union propaganda.

Trends here move on three closely related levels. Most common and perhaps best known are apprenticeship programs. One line of emphasis in these programs calls for systematic and far-reaching attempts to overhaul public school educational

facturers has for years made apprentice training one of its leading interests, particularly through the 'twenties. The Central Interprofessional Committee on Apprenticeship was always starred as one of the principal interests of the *Confédération Générale de la Production Française;* similarly in Italy, Great Britain, Japan and elsewhere.

[84] See, e.g., Sidney and Beatrice Webb, *The History of Trade Unionism* (New York, 1894). In the early days employers fought apprenticeship programs, since these were employed by unions for the purpose of restricting labor supply. Now the rôles are in many cases reversed, unions opposing apprenticeship plans designed to break down their own monopoly controls over labor supply on the one hand, and their partial control over the attitude of the lower managerial corps recruited directly from union ranks on the other. This was particularly clear in the case of *Dinta.*

[85] This seems to have been the original purpose of *Dinta* when it was first organized in 1926, and of the National Association of Manufacturers when it first began to show an active interest (around 1910-1912) in apprenticeship programs.

[86] This is a particularly important problem where automatic machinery has been developed to the point that staff is largely of an engineering or semi-engineering supervisory character, and in cases where processes have become so highly specialized—for example, machine-tool production, airplane manufacture and repair—that the costs of spoilage, quite aside from the direct costs of training, from faulty workmanship are high and may ramify, bottleneck-wise, far beyond the individual operation or process.

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programs on more purely vocational lines. This feature has been particularly marked in England and Germany. Under the Nazis (and to a lesser extent in Italy and Japan) the program of *Dinta* and other closely allied groups has been extended to cover all educational training in the country. The second line of emphasis calls for greatly extending formal company-controlled apprenticeship training systems throughout industry in general. More recently in the United States, governmentally sponsored, but privately directed, local, state and national apprenticeship training programs have been worked out on a basis sufficiently comprehensive to forecast the time when they will include all jobs requiring some degree of skill. The various *Spitzenverbände* have without exception shown a lively and sustained interest in these systems for sifting, shaping, guiding and controlling the lower levels of future labor ranks.

A parallel interest has led in the United States to foremanship training. Both the National Association of Manufacturers and the United States Chamber of Commerce and their various subsidiary and member bodies have paid much attention to this feature of recruitment, since it is recognized that the foreman is the "front line representative of management". Ideally, foremanship training performs somewhat the same functions for the non-executive managerial ranks that apprenticeship and vocational education do for those who habitually handle the machines.

Within these two levels, training is in many instances almost entirely technical. But increasingly—notoriously in such cases as Ford, General Motors, Standard Oil of New Jersey, Mitsui, I. G. Farbenindustrie, Siemens und Halske, and particularly *Dinta*—there has been added schooling in economics, sociology, history, and other waxlike subjects which may be manipulated to support the general social and philosophical point of view of management. It is probably safe to say that no large company, trade association, *Spitzenverband*, or governmental employee-training program is now entirely free of this ideological coloring. In many cases, company propaganda plays a rôle as important as, or even more important than, the formal tech-

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nical training itself. This is particularly apt to be the case in company "colleges", such as that of the Standard Oil Company of New Jersey.[87]

Through these methods business is attempting to create its own "officialdom"[88] and its own "civil service",[89] dedicated to business ends and loyal to business philosophies. However much the content of specific programs may vary in detail, the general tendency here is to evolve specialized training for specialized jobs; to delimit, define and circumscribe each and every specialized task; to define responsibilities and duties within each bracket of competence; to range these competencies in a rationally articulated hierarchy of command and subordination in which vertical movement is limited and defined by seniority, formal rules, and other formally graduated systems of employer-dictated rewards and punishments; and to direct the whole of these efforts along a more or less common ideological front.

Above foreman ranks the story is somewhat different. A line similar to that found in governmental circles between "civil service" and "political appointees" seems to run between the two lower levels of business staff on the one hand and the directorial and upper managerial ranks on the other.

[87] See also literature of the Goodyear Tire and Rubber Company on the "Goodyear Industrial Union", which offers, among other courses, one on "Business Science" dealing with "The individual in self-analysis, his relation to others, his attitude towards his job and his understanding of the proper approach to the job." (Circular of the Goodyear Tire and Rubber Company.) How many of these "schools" and "colleges" there may be, what ground they cover, what differences they show from one country to another, and to what uses they are being put, nobody knows. A careful study is much needed.

[88] A particularly penetrating book was written by Kurt Wiedenfeld, one of the more acute German economists subsequently to enlist in the Nazi services, in 1932 called *Kapitalismus und Beamtentum* (*Produzententum und Konsumententum in der Weltmarkt-Wirtschaft* (Berlin and Leipzig, 1932). See also, Dimock and Hyde, *op. cit.*

[89] One of the common shortcomings of the more recent books on wage theory, as, for example, J. R. Hicks, *The Theory of Wages* (London, 1932), is that the employer is assumed to take a purely passive rôle vis-à-vis labor in that he is treated as a bargainer who does not really bargain since he is interested only in the wage-cost—labor-efficiency calculus—and whose only choices are (a) the sea in which he fishes, and (b) the bait he will use (bait is all of one sort; it varies only by more-or-less).

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Here, as pointed out above, the evidence seems to show that "position", "pull", "family", "contacts", "family wealth", "nepotism", "sinecure", "indulgences", and the like are becoming increasingly important. These upper layers seem to be "inbreeding" in business just as the leading families of the upper wealth brackets from which they are mostly drawn intermarry within the charmed circles of the *Social Register*. There can be no question but that coöptation is the rule and not the exception throughout all business, large and small, and that the practice holds as generally for the trade associations and their various *Spitzenverbände* as it does in principle for the more compact corporate setup;[90] but more, that within the upper executive and directorial layers, coöptation is increasingly from socially acceptable ranks, and that the rules that guide selection come more and more to be woven of the same cloth as those which define the limits, the attitudes, the codes, and the social and political philosophies of self-conscious ruling-class status.

Before pursuing the implications of these developments a bit further, it will be useful to consider briefly the two other "clues" to the nature of business bureaucracy hinted at above. The first of these relates to the fact that all attempts to rationalize business organization lead, under liberal-capitalistic political conditions, to dual, overlapping and, in part, competing managements which become increasingly costly, inefficient, cumbersome and confusing with the passage of time, and which sooner or later require, by more or less common agreement, surgical treatment. It is a well-known fact that few efforts to coördinate, for example, private *natural* monopolies over territories coextensive with their *natural* potentialities have been successfully carried through without active governmental aid. The American Telephone and Telegraph Company is a partial exception, as are a few local tram and electric power systems. Railway unification, however, has nowhere been carried through except by government fiat. The Interstate Commerce Commis-

[90] See, for example, testimony of Mr. Robert Wohlforth before the Senate Committee on Industry and Labor (La Follette Committee), Part 18, showing the small number of giant American corporations represented on key posts in the National Association of Manufacturers over the past few years.

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sion has striven for railway unification for years. The railway unification which led to the British "Big 4" in the early 'twenties, and the development of the unified rail networks of Germany and Japan, were forced through on the initiative of their respective governments. The same holds for most all electric power "grid" schemes, unification of postal and telegraph systems, and most local and metropolitan transit networks.

The monopoly urge, in other words, seems to be typically estopped before monopoly has been really achieved. The results—the reasons why need not detain us at this point, for they require independent analysis, case by case and industry by industry [91]—however, belie, at least in part, the superficial impression. They seem to be about as follows: (1) monopoly efforts are funneled increasingly through trade association, Chamber of Commerce, and *Spitzenverband* machinery; (2) within these councils a broad line separates the inner governing cliques made up of the corporate giants and their medium and smaller satellite concerns; (3) the former divide markets, manipulate prices and production, and in general so direct affairs that, the total possible "take" being treated as given, each of the former receives his due allotment where the gains are relatively speaking assured, and the latter are granted the more or less unprofitable fringes; (4) pressure grows cumulatively to "settle into the allotted groove", and not to encroach upon "most favored company" territory, nor to push entirely out those whose existence on sufferance is deemed a continuous advantage for propaganda and other reasons; (5) disputes concerning position are increasingly handled by the equivalent of negotiation, arbitration, "treaty-making", special grant and privilege, etc.; (6) enterprise management is kept in a largely fractionalized state within each industry or trade more or less irrespective of geographic, technological, and other features; [92] (7) the leading functions of the trade association

[91] Further combination may be stopped by fear of anti-trust prosecution, as in the United States.

[92] Patent pooling, standard grades and labels, simplification of types and varieties, cartel and syndicate practices, and the like, do not militate against

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or *Spitzenverband* become increasingly guidance and leadership on all social and political issues; finally (8) so long as either the internal coördinative functions of the external representative tasks of the central association are pursued in the face of partially or largely antagonistic political authorities, the two facets will be dovetailed into a single program known as "self-government in business".[93]

Consequently, the more self-government in business there is, the more governmental regulation there must be. And the more governmental regulatory machinery expands, the more complete and thorough becomes the duplication of managerial and administrative hierarchies between government and private enterprise. Governmental regulatory agencies have shown a more or less common pattern of development: (1) they tend to become permanent bodies well staffed with expert panels; (2) they find that regulation, begun at any one point—prices, or market allocations, etc.—leads them step by step to cover the whole range of business policies of regulated concerns; (3) regulation gradually comes to think in terms of the entire trade or industry; (4) it gathers into its hands increasingly legislative and judicial as well as administrative authority. Under pressure to expand functions along these lines, regulatory authority begins to compile information which runs the gamut of business and industry interests; to organize information, prosecution, negotiation, and its own internal administration along functional lines characteristic of the industry as a whole; to build up staffs until they come to approximate the business administration which they face constantly across the conference table or the courtroom; and to acquire powers—sometimes negative and more frequently positive—which in-

this generalization, for these represent cost cutting, organization simplifying, and strategic manipulation factors. There is little or no evidence that they tend either to "rationalize" the industry to the public good, or to cut down the plethora of separate managements. So far as the public good is concerned, these devices usually appear in combinations which retard, not accelerate, the pace of change; and they tend to slow down the pace of weeding out which would take place under either "normal" competitive or monopoly conditions.

[93] See the two preceding articles in this series.

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volve *de facto* participation in the management of the enterprises falling into the authority's bailiwick.[94]

There are some reasons for regarding the typical governmental regulatory body as organizationally superior to those evolved by the businesses they regulate,[95] but that is quite another matter still. Of key importance in the present connection are two by-products of the developments traced above. First, as has been pointed out, there tends to be duplication all the way up and down the line between government and busi-

[94] It would be possible to show this in great detail by dissecting any of a large number of governmental regulatory authorities in the United States or abroad. The chairman of one of the largest federal regulatory agencies—perhaps the best known—hazarded the guess in private conversation with the author some four years ago that his Commission would ultimately be compelled to duplicate every scrap of information, every leading staff officer and specialist, every major administrative division, every set of files, etc. of the companies and trade associations they were charged to regulate in the public interest—perhaps not in absolute numbers, he thought, since they might never be under compulsion to become as inefficiently organized as the industry, taken as a whole, patently was, but certainly on a scale capable ultimately of taking over the entire industry without serious hitch, should business management and staffs be suddenly stricken, let us say, by a highly selective desire for permanent vacations. Similar judgment was given by equally highly placed German and British regulatory authorities with respect to their own administrative machineries.

[95] This is partly because they have come into the picture later than the companies and administrative bodies which they seek to regulate; partly because they tend to be manned by experts and not by business "politicos", and civil service requirements for staff, bad as they may be in many instances, are obviously superior to the staffs they face in training, in singleness of purpose, and in the quality of their loyalties; partly because they bear responsibilities which are matters of public record and where their actions and decisions are constantly subject to either legislative or judicial review; and partly because they have arisen in most countries after the trend toward centralization of governmental regulatory authority in the hands of the federal government — as against local, state and provincial — has asserted itself. To an increasing extent, there is less duplication here than division of authority so that local bodies take over primarily the residue functions which relate to purely local matters. There is, however, a contrary tendency to set up governmental regulatory bodies which have to do, not with a single industry or set of narrowly related industries, but with business functions (e.g., Securities and Trading, Surplus Commodities, Federal Trade, Pure Food and Drug), which means that each business must face not one but a series of regulatory bodies. And at many points the functions and prerogatives of these latter are bound to duplicate and overlap each other.

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ness administrative machines. And second, a large and increasing percentage of staff, and of the necessary facilities in terms of office space, office personnel, files, and the paraphernalia for grinding out countless memoranda, etc., is taken up with the tactics of maneuver, concealment and uncovering of key information, legalistic haggling, enforcement and evasion, and so *ad infinitum,* caused by and dependent upon the conflicting interests expressed in such dual administrative control.

Facing this situation, what do the *Spitzenverbände* propose to do? First, they tend to duplicate in their own central headquarters the regulatory setup [96]—thereby tending in many respects to further duplicate functions, staff and facilities — of their own membership. Not uncommonly, as an interesting by-play, they, or their member associations, or the strategically placed corporations which shape their leading policies, attempt to entice governmental staffs to join their own payrolls at higher salaries.[97] But most significantly, they seek direct representation on committees, commissions, advisory bodies, and other governmental agencies which were established at the outset for the specific purpose (or subsequently acquired

[96] This is most readily shown in the departmentalization of the various *Spitzenverbände,* the range of their expanding committee and staff functions, the nature of the regional and functional groupings of membership, the content of regular reports to members in their official publications and annual congresses, etc. The same holds for many of their own member associations and certain of their larger member corporations. See, e.g., the annual reports of the National Association of Manufacturers; the *Yearbook and Register of British Manufacturers* put out by the Federation of British Industries; the speeches, and especially the organizational data given in the appendices, collected in *Organisation syndicale patronale en France* (Paris, 1939), by Rene P. Duchemin, *President d'honneur de la Confédération Générale du Patronat Français; Fascist Era,* being the yearbook of the Fascist Confederation of Industrialists; and sketches in *Kartelle in Deutschland,* by Horst Wagenführ of the *Reichsverband der Deutschen Industrie* and the *Verein Deutscher Maschinenbau Anstalten.*

[97] Probably one half of the leading figures among the directorial, executive and staff ranks of the leading *Spitzenverbände* have gone directly from (or have at one time or other been on the payroll of) governmental regulatory bodies to the firms and associations which they formerly regulated. Higher salaries are the common reason given. A careful study might reveal many others.

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the power) of determining in whole or in part the very policies which guide the administrative bodies themselves.

Thus the Federation of British Industries claimed before the outbreak of war to be directly represented on the Board of Trade Advisory Council and Council for Art and Industry, the War Office Technical Co-ordinating Committee on General Stores and Motor Transport Co-ordinating Committee, the Ministry of Health Joint Advisory Committee on River Pollution and the Town and Country Planning Advisory Committee, and the Ministry of Agriculture's Standing Committee on River Pollution. But this is only the beginning. It claimed that its representations before governmental bodies have resulted in adoption of its own plans for fiscal policy, tariff policy, imperial trade, commercial treaties, etc.[98] There is scarcely a governmental committee or commission which affects its members' interests at any given point upon which it did not claim membership or influence of decisive importance. Since the outbreak of hostilities, under the system of war control bodies, this fusion has been rendered almost complete.

The British picture is not unusual but typical for the liberal-capitalistic countries as a group.[99] The picture, however, is quickly altered—in some respects drastically—the instant monopoly and business coördinative drives move from a liberal to an authoritarian environment. As evidenced in Germany and Italy, though by somewhat different routes, the inauguration of totalitarianism results in a general overhauling of business machinery along the following lines: (1) by streamlining, a considerable mass of overlapping and duplicate trade association (regional and national) and peak association machinery is cut away;[100] (2) correlatively, the combination and cartel

[98] See, in particular, *Industry and Action*, a brochure of the Federation of British Industries (undated).

[99] See, for example, the sources cited in footnote 96 above.

[100] This could readily be shown by following through detailed change in any given line of industry or trade. But such streamlining, coupled with other changes indicated above, may well mean in many cases quite new and greatly elaborated machinery. For example, unorganized trades will now be organized; unfederated will now be federated; relationships between and among central associations and their various functional and regional divisions will be

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movement is greatly strengthened, large and increasing numbers of small concerns are eliminated, compulsory association membership becomes the rule; (3) the relationship between governmental committees and commissions is altered in several ways, but in general it becomes functional instead of fighting, coördinative instead of duplicating and overlapping; and self-government follows lines of managerial decentralization rather than principles of checks and balances between governmental and private authorities (the basis of the efficiency claims of all totalitarian systems is that it cuts through and sets aside conflicting machinery which has arisen, paradoxically, as a result of governmental "interference", to coördinate and simplify business itself, or to prevent the inefficient disposal of social resources according to the common formulae of "business as usual", or both); finally (4) the former self-governing bodies are more or less formally vested with legal or quasi-legal powers to formulate policy within the larger totalitarian directives, and to implement decisions with powers of enforcement.

Great and far-reaching as many of these changes may be in detail, they are, however, fully and without important exception in line with preceding trends. This could be shown in great detail by tracing through the successive changes, for example, which led to the formation in 1917 of the *Reichsverband der Deutschen Industrie* out of two bodies representing respectively the heavy and light manufacturing industries, and the steps taken to transform the resultant body in 1933 into the *Reichsgruppe Industrie;* or, again, those whereby the former General Confederation of Italian Industry was made over into the Fascist Confederation of Industrialists. Another example is offered in the changes which signalized the pretty complete overhauling of the *Confédération Générale de la Production Française,* following the famous Matignon Agreement in 1936, into the *Confédération Générale du Patronat Français.* The formal dissolution of this latter body, modeled more or less directly after the Fascist pattern in Italy, in late 1940 seems to have been preparatory to remodeling along more distinctly Nazi lines.

handled by various combinations of compacts, *ad hoc* and permanent committees, etc.

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These changes would be found consistent with past trends whether traced along structural, functional or authority lines. They represent a very considerable tightening up, to be true, but even the more rigorous and authoritarian controls are consistent with past lines of growth. Still another check is provided by noting the nature of the changes these various associations and their *Spitzenverbände* undergo between so-called "emergency" and "normal" periods. Quite aside from the fact that it has now become customary to justify all tightening up by appeal to "emergency" conditions,[101] and that we have at least two major attempts to carry through far-reaching reorganization of business-governmental relationships in peace time—those of the N.R.A. and the various British industrial reorganization schemes[102]—the ease with which these transitions have been made between peace and war and back again to peace fully bears out the above contention, the main difference being that the binding sanctions are qualitatively quite different. The second World War has differed from the first in that transition in these respects has meant a shift from peace to war which was greatly facilitated by the much higher level of business organization in which authorities, controls, and group objectives were more completely worked out along lines required for ready adaptation to war conditions. That this is so largely arises from the fact that peace-time endeavors in the major capitalistic countries to extend the network and expand the controls of business organization were almost with-

[101] This is the case with all the various British industrial reorganization schemes such as those for railroads, cotton textiles, coal and steel, and with controls established under such laws as the Miller-Tydings, the Robinson-Patman, and the various state marketing and resale price maintenance laws. Much the same, of course, was true of the whole of the N.R.A. and the A.A.A.

[102] Not to mention a series of attempts made in practically every country in the world immediately following the Great War to carry over war-time controls into peace-time conditions—one of the by-products of which was the formation of many of the *Spitzenverbände* themselves. Particularly interesting in this connection are the attempts made to formulate a national council out of the various "war advisory committees" established by leading trade associations during the War to represent business interests in the various war control boards. An attempt to bring all these together into a single national organization, made at an Atlantic City convention in 1919, broke down. The plan, it seemed, was premature!

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out exception based upon former war-time experience.[103] Thus it comes about that it is precisely in war and emergency times that the dominance of big business in the councils of state comes most clearly to the fore. What was true of the United States in 1917-18, in the depression and N.R.A., and in the national defense efforts of 1940-41 can be duplicated in all other major capitalist countries. William Knudsen, Edward Stettinius and Bernard Baruch are paralleled by Mr. Ogura in Japan, Lord Beaverbrook in England, and Hermann Göring (himself a leading industrialist), Flick and their group in Germany.

Now the essence of the newer strategies of war-time controls—where the military arm is, in effect, regarded as merely the "cutting edge" of a belligerently mobilized industrial system taken as a whole—is authoritarian hierarchy with totalitarian coverage. Thus, since war controls represent an ever simpler transmutation from normal peace-time conditions, our third clue to the nature of evolving business bureaucracy lies in these factors. Let us examine them a bit more carefully.

2. *The "Slant" of the Hierarchical or "Scalar" Principle*

So far as structure and control factors are concerned, trade associations and their *Spitzenverbände* tend to be modeled after the pattern of the typical large-scale corporation. The managerial hierarchy of command and subordination follows the "line" or "military" form of organization, with whatever functional and staff breakdown circumstances may dictate, so dovetailed into the line of authority as to take maximum advantage of expert counsel and whatever principles of decentralization of management may be appropriate in each separate case. Policy-making power lies typically in the directorial and managerial ranks, and is not subject to check either from the lower reaches of the hierarchy of command, or from the labor that performs the functions which management directs. So far as these latter are concerned, the system is completely authoritarian (anti-democratic), with all duties and

[103] This was especially true of N.R.A., largely an adaptation of Mr. Hoover's Trade Practice conventions, in turn based directly on war control ideas.

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responsibilities fixed from above except in so far as counter-organization of labor or other organized special interest groups may be able, via governmental or direct-action pressure, to force concessions.

More recently, as has been outlined in numerous places,[104] management has succeeded in largely freeing itself from owner or investor control. Conversely, labor is increasingly able to make its voice heard and its power felt only so far as it operates under the protection of government. The trade union may be the power that forces the government to act, but without government intervention the trade union finds itself increasingly unable effectively even to recruit its members or make its influence felt. A first condition to trade union bargaining power is favorable law. Even, that is to say, in labor relations organized business finds itself facing the government.

Free in large part of direct investor control,[105] managements which for one reason or another are primarily interested in executive and not in larger policy matters may be able greatly to rationalize productive operations where formerly such changes were inhibited by investor interest in higher returns.[106] But even where this proves both possible and, from the point of view of management, desirable, the fact that management now largely swings free from all direct controls other than those which may be imposed upon it by governmental authority will and apparently does mean that the executive and managerial end will be handled by paid functionaries the better to allow the leading figures within these ranks to focus the

[104] See the works of such authors as Berle, Means, Bonbright, Gordon, Dimock and Hyde.

[105] Here again government takes the place of the disenfranchised. Something the equivalent of the Securities and Exchange Commission is now to be found in most capitalist countries.

[106] A number of railroad reorganizations, for example, the case of the New York, New Haven and Hartford, have greatly improved operations, road, rolling stock, and service facilities which cannot possibly—except perhaps in the very long run—benefit stockholders. For all practical purposes the roads are run expertly, the compromise now being not between owner-income interests and public service demands—the I.C.C. keeping an ever watchful eye on affairs—but between career-management and public service, the I.C.C. now keeping a friendlier eye on prospective changes.

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massed power of their pendulous corporations upon larger issues of policy. Business leadership not only acquires political interests, but it turns to the political arena already backed by enormous, fully mobilized, and easily focused power. There are but few modern parallels for this situation in the field of internal pressure politics. For most apt comparison one must turn to the massed and personally manipulable powers of ancient and tribal armies of legionaries and retainers, or to the medieval baronry of the crusading knights.

So far as this picture holds, the appropriate medium for the expression of and the machinery for canalizing and focusing the social and political power of management is the trade association and its *Spitzenverband.* The more clearly paid functionaries in the hierarchy of management are enabled to handle matters on an authoritative but expert or civil service basis because it has been recruited out of an especially trained and ideologically preconditioned corps, the more completely policy matters will be funneled through supra-managerial apparatus organized for this specific purpose. Such rationalization, simplification and centralization as may on occasion be attempted within these latter bodies become, thus, merely problems of efficient organization [107] of largely, if not primarily, political bodies.

But the question of how far and in what ways rational organization of the productive properties underlying management, or the manipulative machinery lying over these directorial levels, may be affected by the new functional segregation is somewhat beside the point at present. It is doubtful if the run of recent improvements below the upper layers is as great as one might be led to suspect at first.[108] But the significant

[107] In many cases, perhaps making the rule and not the exceptions, career men run associations, and much association activity seems a by-product of expansion of pointless tasks and services, bureaucratically overstaffed and incompetently run by functionaries whose main efforts are devoted to proving to a gullible membership that the completely or primarily useless is of overwhelming importance.

[108] See, for example, the records of plant reorganizations reproduced in the pages of the Bulletin of the International Management Institute (now deceased).

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point is that trade associations and their *Spitzenverbände* are largely, if not in many cases exclusively, political pressure bodies. This remains true even in those cases where trade associations act as coördinating bodies for cartels, or where they themselves have taken on cartel functions. The records are, of course, unsatisfactory, since here as elsewhere they leave next to no traces since such collusive practices as they may resort to find their sanctions mainly in rules known from times immemorial within the "machine" hierarchies of inner political party circles, and not in the etiquettes of law, written statements, and formal contracts.[109] Secrecy, long the essence of national diplomacy, becomes entirely natural and normal as the *Spitzenverband* becomes a politically potent pressure group.

But the main concern of the supra-managerial business organizations is not, strictly speaking, economic. Even where economic, the issues at stake are increasingly burdened with social, philosophical and political problems. That this is true can readily be substantiated by any reader who will take the trouble to page through a few thousand pages of trade association literature, or who can find time to sit in on a few hundred of their congresses and conventions. What he will find is that the issues relate predominately, at some remove or other, to known, felt or feared challenges by labor or other groups—operating independently or through regular political channels—to the tenets underlying the capitalistic system as a whole.

As political pressure bodies, the trade associations and their *Spitzenverbände* will be found responsible to their membership

[109] Thus, when C. A. Pearce, the author of the TNEC Monograph No. 18 dealing with trade associations in the United States, *Trade Association Survey* (Washington, 1941), finds little ground for the belief that trade associations have "engaged in collusive restraints of trade", he cites, not evidence, but lack of evidence as proof! This is only to say that he has confused not only the nature of trade association activity, but also the nature of such collusion and of its characteristic proofs. The evidence of N.R.A. might have disillusioned the author, who was familiar with its practices, of this naïve interpretation. But if nothing else, he might have turned to a brief review of the last year's crop of anti-trust indictments for proof that the very reverse was true. Political machines rarely keep vouchers or reduce understandings to the written form, as Lincoln Steffens was not the first to discover, nor Clarence Darrow (*cf.* his review of N.R.A.) the last.

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on the principle of representation, *de jure* or *de facto* according to property holdings and clique groupings. In practice, except perhaps for some of the associations representing smaller businesses,[110] clearly most of them are as closely controlled by a few of the business giants as the bulk of their underlying corporate properties is controlled by a minor fraction of the managerial and directorial personnel. That is to say, where the structure of organization and methods of control recognized in constitution and by-laws do not permit — which they typically do—centralized, self-perpetuating control, the *Realpolitik* of power and clique effects a like result. This picture is so well accepted in association circles throughout the world, and is so typical and general as to seem clearly beyond dispute in point of fact.

Both above and below the level of corporate managerial circles, the "scalar chain" or principle of graduated hierarchical controls obtains. Leadership, so far as the respective underlying hierarchies of command and subordination are concerned, is typically self-appointed, self-perpetuating and autocratic. In the submanagerial zones, this leadership impinges on the non-property interests of labor and the general public. But in the supra-managerial zones it bears largely, and in some respect exclusively, on business interests in general. Authority in both comes from on top down, and responsibility from the bottom up. Below, authority coördinates the non- or but partially-property-minded in an operative complex within a framework for which directive policies have already been predetermined. Above, authority coördinates big and little business in a policy complex forged as a by-product of the *Realpolitik* practiced by their own self-appointed general staffs. The same individuals, the same groups and cliques, the same interests dominate in each sphere, and in each the dominant principle of organization, relating as it does to policy issues, is that of an inherently undemocratic, authoritarian hierarchy.

[110] Although the evidence seems to indicate clearly that many of the leading small business men's associations have been formed on the initiative of the large. This is the case with many of the British associations, and with the vast network of trade or "guild" associations which have sprung into existence in Japan over the past five years.

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And in neither is it the property interest of the bulk of the corporate property holders which controls. Yet despite this fact the issues are increasingly of a "system-defending" or ideological character which reach to the "roots of domination" in a capitalistically organized world.

3. *The Content of the New Outlook*

Contrary to certain implications of current usage, "totalitarianism", like "bureaucracy", is not necessarily undesirable if it is taken to mean a social-psychological outlook possessing at once a coherent unifying philosophy and a general program of action which comprehend the totality of organized social life. In this sense even democracy, as a theoretically coherent web of postulates, freedoms, and qualified restraints, is totalitarian. But the question naturally arises as to what the aim and content of a general doctrinal and programmatic position may be when it appears that its formulators are not responsible to the general public, or even to the property interests upon whose sanctions their authoritative powers rest. And how understand—how, indeed, even begin to formulate—a program when it seems impossible to define the interests to be promoted?

The difficulty, however, is more apparent than real. The leading managerial and directorial figures within the inner business sancta are real, not fictitious, people, and they are drawn from, or have been absorbed into, the upper layers of wealth and income whose stakes it is their function to defend.[111] What they are called upon, under current conditions, to do is to defend these general interests in an environment where the issues are increasingly so drawn as to appear in some sense or other to unleash forces which will jeopardize as a whole the system of evolving status and special class privilege the mobilized resources of which they have acquired "emergency powers" to command. And for the opening struggle they have largely fought themselves free of the procedural and other forms of red tape imposed upon them by law, under the general business

[111] It is at this point that James Burnham's *The Managerial Revolution* (New York, 1941) flies off at a dangerous tangent and leads him to an analysis that is as misleading as it is superficially plausible.

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rule of live and let live, in a past political environment hostile to undue centralization of naked economic power. It cannot be forgotten that the world of relatively small-scale middle-class business of the not distant past, out of the rich gleanings of which the great monopoly-oriented economic empires of the present gathered their first strengths, feared arbitrary political authority above all else. In limiting the state to laissez faire they were careful to see that its functions were so defined as to make it the specialized guardian of its own duty not to interfere—*as the tool of any hostile interest.*

The history of government regulation of business has been primarily the history of attempts of small business to employ government to defend their interests against the encroachments of business monopolies,[112] and of the latter to wrest the initiative from the small.[113] The business giants, operating to an increasing extent in these matters through trade associations and their *Spitzenverbände*, seem to have found an effective means for neutralizing this opposition, and to be in a fair way to the achievement of a unified and harmonious outlook of the business world vis-à-vis labor and any other challenging interest.

Real conflicts of interests within the business world have not been eliminated by these means, but they have to some degree or other been coördinated. Such successes as the various *Spitzenverbände* apparently have achieved in their legislative and allied efforts in the several capitalistic countries seem to stem in large part from the fact that they have been able *to act as though business were united* in bringing their collective pressures to bear upon government. It holds as a corollary to this that the bitterest and most ruthless attacks will be made upon

[112] The majority of complaints against the exercise of monopoly controls coming into the United States Department of Justice's Anti-Trust Division come, as Mr. Arnold has frequently pointed out, from business circles. The pressure for enactment of state and federal anti-trust controls, as—for that matter—the bulk of the business regulatory machinery, emanates from similar circles.

[113] As, for example, most of the resale price maintenance, agricultural marketing agreements enabling acts, etc. now to be found on the statute books of most capitalistic countries.

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those businesses, large or small, which refuse to play the game according to the new rules. The more self-government in business, the more quickly the price cutter, the business "alien", or any other foot-loose tycoon will be brought to heel by any means at the disposal of the business central direction. The more complete the authority and the more centralized the power to act, the more quickly and drastically such action will be taken.[114]

Thus, there slowly emerges an apparent single view—a seeming common cause, an appearance of a general business harmony, the semblance of a certain common business social philosophy which takes on form and content step by step with the growth and expansion of the centralized influence of the great peak associations.[115] And in proportion as this seeming internal unification takes place in organized business, one finds slowly being evolved parallel ideas vis-à-vis all other interests which, however and by whichever route they may come in conflict with any given business or aspect of business control, have no alternative but to appear to challenge the business world as a whole. Given comprehensive organization — the common ideal of the trade association all over the world—and this posture of affairs appears inevitable in the very nature of the case. If conflicting interests, as, for example, in the case of labor, are organized on an equally comprehensive basis, the effect will be thrown in much sharper relief. And it is an effect that has gradually become universally evident throughout the capitalistic world of the last half-century.

[114] The ejection or strategic demotion, consequently, of a Hjalmar Schacht, a Herr Thyssen or a Robert Stewart, not to mention the Jews when the opportune moment comes, among the central councils, becomes thoroughly understandable and a matter of course. Whoever does not play according to the new rules will be thrown out, just as whoever is weak will be absorbed in the strategies that lead to business mergers, and their expulsion or absorption is proof not of the weakness but of the strength of organized business.

[115] This does not mean, of course, that the old conflicts do not exist, but that in a certain sense they have been domesticated. It is noteworthy that in the United States the growth of centralized business organization has been paralleled both by increasing concern over the fate of small business, and by its increased mortality (see the "Economic Prologue", Part 1 of *TNEC Hearings*, 1938). In both Germany and Italy, the plight of little business, long before the outbreak of war, was becoming steadily worse.

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How do the trade, employer and business *Spitzenverbände* then proceed to meet challenges which they are led to interpret as in conflict with the tenets underlying the capitalistic world as such? By somewhat varying routes, organized business among the several capitalistic countries has arrived at pretty much a common set of solutions. For sake of brevity, and because they recapitulate part of what has been said above, these may be summarized as follows:

1. *Control over popular organizations:* the company union is father to the idea of universal, comprehensive, all-inclusive business-controlled joint labor-employer membership federations, of which the German Labor Front and the Italian General Confederation of Labor [116] are the highest development to date. Similar ideas have run through the literature of American, French and British business. An attempt was made to set up such a body in the United States in 1912. The Federation of British Industries was originally intended to include both labor and employers. The programs of the De Mun, Harmel, and the French Social Catholic movement evolved similar ideas before the turn of the twentieth century; the new French industrial reorganization plans follow similar lines. The ideas and patterns of the company union are applied wherever any other form of popular organization — of farmers, of consumers, of little business men, of professionals, of women, etc.—has struck root. The idea is everywhere and in all countries the same: mass organization centered on the ideologies of and controlled by the self-appointed and self-perpetuating "natural" leader ranks from the upper business and social hierarchies.
2. *The militarization of employer-employee relations:* by a reassertion of authority in the hands of the employer similar to that which obtains in the army. This interest can be read from all complaints in the literature of the *Spitzenverbände* and their subsidiary bodies when faced with effective labor protest, as in the events centered on the British General Strike in 1926, the movements of the French Popular Front centered on the Matignon Agreement of June 1936, the rise of the C.I.O. in the United States and complaints demanding modification of the National Labor Relations Board, and in the successes of

[116] Gaetano Salvemini, *Under the Axe of Fascism* (New York, 1936).

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German, Italian and Japanese employers scored on the initiation of Fascist type systems. A corollary is the militarization of legislative (substitution of the "edict" for statute law) and judicial (through the procedures of martial law) powers, with the consequent disappearance of the line between civil and military, the discipline of war and peace. The regimen of the unorganized industrial plant such as that of Ford is here prototypal of objectives seen as desirable by spokesmen who may have power to suggest or act in the larger sphere.

3. *The evolution of a "harmony-of-all-interests" propaganda in which the employer appears as benevolent pater familias:* such was the blending which underlay the social legislation of Bismarck, the programs of De Mun and du Pin in the French Social Catholic movement, the Papal Encyclicals of *Rerum Novarum* in 1891 and *Quadragesimo Anno* in 1931, the "clerical fascism" of Dollfuss and Schuschnigg in Austria and of Franco in Spain, the N.R.A. and much of the American new deal legislation, the Japanese national harmonizing movement, and, of course, the whole of "welfare capitalism". The employer as "patron" or "trustee" becomes the beau idea of the business world.[117] Correlatively the trustee concept still is applied in all other relationships of real or potential conflict between organized business and the general public. The parallel to "industrial relations" is "public relations" and this latter is growing by every known criterion of relative importance in a sort of geometric ratio to all other corporate publicity interests both in the United States and abroad.[118] "Public relations"

[117] There is a remarkable similarity among the ideas expressed by the younger Rockefeller in the days following "Bloody Ludlow", the plans of the Harmel concern at Val-de-Bois (Parker T. Moon, *The Labor Problem and the Social Catholic Movement in France* [New York, 1921], pp. 113-120), the elder Krupp in the early 'sixties, spokesman for the Mitsui interests, and other pioneering efforts in the several capitalistic countries. Some form or other of the "guild" or "corporative" form of organization was promoted in every major country before the outbreak of the World War.

[118] For example, the N.A.M. public relations program was first granted a small sum of money in 1934. By 1937 public relations expenditures were larger than those for all purposes combined before 1934—a sum which was estimated, at commercial rates, to equal in that year around $36,000,000 for the whole United States. Since that year these expenditures have been probably doubled.

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advances the concept of a natural harmony of interest between business and the public, business and the consumer, business and social and economic progress. The relationship is that of "trustee of the people's property and welfare".[119]

4. *The "educational emphasis" looks two ways:* toward "neutralizing" the hostile among adults, while engraining "loyal" staff and especially the younger generation "through the doctrine of the organization itself." "Neutralization" involves recognition, wherever the *Realpolitik* of strategy may determine, of trade unions and similar organizations; emphasis upon coöperation by promotion of labor-employer community activities; regional decentralization of plants; legal restraints upon the abuse of labor power; use of police power, strike-breakers, espionage at need; the mobilization of the middle and professional classes into patriotic and other federations; attacks on opposition leadership under the guise of attacking "racketeering"; encouragement of fear of aliens, "fifth columnists", and other menaces which encourage in turn emphasis upon group loyalties, super-patriotic "100 per cent" type sentiments; especial types of interest programs and propaganda for women, children, and the aged, etc. Conversely, education of the young calls for control over apprenticeship training; purge of school textbooks; vocational emphasis with belief in an eventual occupational stratification in which there is a one-to-one correspondence between economic station and presumptive I.Q; evolution of a system of rewards and punishments which turn on the axis of loyalty to the concern; the substitution of non-commercial for commercial incentives, of group and "social" for individual and personal incentives; etc.

5. *The key to control is political:* executive authority and policy-forming power are concentrated in the same coöptatively renewed ranks, and these recognize that the key to power is twofold; (1) consolidation of all the "ins" in a solid, interest-

[119] See, for example, Bronson Batchelor, *Profitable Public Relations* (New York and London, 1938), and Dimock and Hyde, *op. cit.* The Nazi motto, *Gemeinsnutz geht vor Eigennutz*, carries the precise equivalent for German business men for the latter's dictum, "A widespread, favorable attitude of mind is a first essential to effective trusteeship in big business. People must expect and assume that managers will look out for interests other than their own. Managers in turn will then attempt to live up to expectations." Dimock and Hyde, *op. cit.*, p. 130.

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conscious bloc; (2) a popular following, the key to which is alliance with any faction, movement or party which has or may acquire popular following without disturbing the general social structure of command and subordination. This means compromise with the *nouveau puissant* as they are coöpted into the movement on all matters relating to "the take"—an old practice in relationships between political rings and powerful vested interests all over the world, but now generalized to entire national economies, and rationalized with an eye to sterilization of "take" knowledge and demand for participation below the upper ranks.[120] And for these lower reaches, the evolving programs of the organized business world look to well-ordered, especially trained, and loyal cadres of hierarchically controlled employees over whom as "leaders" they have complete charge, as Gignoux of the *General Confédération du Patronat Français* expressed the matter, "not only of men but of souls."

6. *The new power complexes are inherently expansive:* two things are united in this reaching for political power. One is the tendency of all democratically irresponsible power aggregations to expand without limit. And the other is the fact that the "life styles" of the units which form the cells which enter into the new power pyramids have each and all been dominated by a tendency to expand without limit—a fact with which all great business leaders have been thoroughly familiar and which has been traced at great length by Sombart and others. Given control or power decisively to influence the national state, imperial expansion is inevitable. The more or less rational combination of fully articulated systems of protection and privilege combined with imperial expansion on the one hand, and the integrative pressures of a rationally articulated industrial technology on the other, lead logically to the concept of the next largest politically omnicompetent and coherently organized imperial area, "great-space economies" (*Grossraumwirtschaften*).

[120] But it is necessary for the ambitious political hopeful who expects to gain entrance into the ranks of the real holders of power by sale of a demogogically aroused popular following of significant potential power to give good evidence that he will not, in the patois, "double-cross" those of whom he curries favor once he has been admitted. One of the most spectacular examples has been provided by the recent political defeat of a prominent American "red-baiter", largely because resident business men did not believe that they could trust him not to turn on them after they had elevated him to power.

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"The soul of Amenhotep is higher than Orion, and it is united with the underworld", runs a melancholy passage from the ancient Egyptian *Book of the Dead*. The power roots of the several *Spitzenverbände* are intertwined in the sanctions of evolving imperial class status, but monopoly-oriented business which attempts to evade effective democratic restraints can dominate government only through control over the thinking processes of the mass of the people who dwell at the base of the social pyramid. "Dangerous thoughts", as the Japanese are so acutely aware, breed democratic heresies. Anti-democratic totalitarianism can triumph only through ultimate consolidation of its authoritarianism by the seizure of political controls. Every single step in the path which leads in our times to use of the expedients which spell ultimate resort to the coup d'état are now sufficiently well known to be recognizable at a glance. And nothing fundamental in history, program, structure of organization, or social outlook divides clearly the policies of the *Spitzenverbände* within the totalitarian countries from those of the liberal-capitalist states. Within Germany, Italy, Japan and France these bodies made the critical decisions without which the final destruction of democracy could not have taken place.[121]

Is it possible that the lesson will be learned elsewhere before it is too late?

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[121] All through the Godesburg and Munich discussions the Federation of British Industries was carrying on negotiations with the *Reichsgruppe Industrie*. "On March 16, the day after the fall of Prague, the Dusseldorf discussions culminated in the signature in London of an agreement between agents of the Federation of British Industries and the *Reichsgruppe Industrie* to 'replace destructive competition by constructive cooperation.' It contemplated the creation of a series of Anglo-German cartels." Frederick L. Schuman, *Night Over Europe* (New York, 1941), p. 107. Similar conversations were carried on between Japanese interests and the Federation of British Industries through a good deal of the crisis period when the Japanese took over Manchoukuo.

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THE POLITICAL ECONOMY OF JOHN ADAMS

THE political concepts of John Adams have received careful attention and study by a number of competent authorities.[1] On the other hand, his economic ideas have not been fully studied. Those of Thomas Jefferson and Alexander Hamilton have been carefully set forth.[2] The result has been to shed considerable light on the basis for the political beliefs of each. Adams, however, with the exception of rather brief treatment by Charles A. Beard[3] and Vernon Louis Parrington,[4] has been left untouched or misunderstood. Further, Beard and Parrington are suggestive rather than complete. In contrast with their views, correct as far as their studies go, the most recent writer who mentions Adams' economic ideas has revived the erroneous belief that these ideas are identical with those of Hamilton.[5]

The studies of Beard and Parrington are primarily con-

[1] The chief writings upon the political ideas of John Adams are: Correa M. Walsh, *The Political Science of John Adams* (New York, 1915), the most detailed treatment; Anson D. Morse, "The Politics of John Adams", *American Historical Review*, IV, 292-312; Francis N. Thorpe, "The Political Ideas of John Adams", *Pennsylvania Magazine*, XLIV, 1-46; Charles Warren, "John Adams and the American Constitution", *Kentucky State Bar Association Proceedings*, 27th annual meeting. Moreover, the various biographers of Adams discuss his political ideas: John Quincy Adams and Charles Francis Adams, *Life of John Adams* (Vol. I of the *Works of John Adams . . . with a Life of the Author*, Boston, 1850-1856); John T. Morse, *John Adams* (New York, 1892); John Robert Irelan, *History of the Life, Administration, and Times of John Adams* (Vol. II of *The Republic*, Chicago, 1886); Mellen Chamberlain, *John Adams, the Statesman of the American Revolution* (Boston, 1898); Gilbert Chinard, *Honest John Adams* (Boston, 1933); James Truslow Adams, *The Adams Family* (New York, 1932).

[2] Charles A. Beard, *Economic Origins of Jeffersonian Democracy* (New York, 1915), *passim*.

[3] *Ibid.*, chap. xi.

[4] *Main Currents in American Thought* (New York, 1927-1930), I, 307-320.

[5] Ernest Teilhac, *Pioneers of American Economic Thought in the Nineteenth Century* (New York, 1936), p. 4.

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cerned with establishing the views of Adams as to economic classes. They show clearly that Adams held with Harrington [6] the view that economic power, as represented by wealth, and political power had gone hand in hand throughout history. Furthermore, Adams believed it was entirely natural that there should be economic classes. He admitted the necessity for a wealthy class and desired to protect its rights from encroachment by the poor. He also felt it was just as necessary to protect the poor from the rich.[7] Unlike Hamilton, though, Adams did not favor the wealthy class over the others. This was what was so confusing to the Hamiltonian Federalists. They thought it was an accepted convention that all Federalists talked of protecting the poor. So much had to be stated for public consumption. But in practice, the government naturally should be run by and for the "wise, rich, and good." [8] Could it be possible that Adams was so naïve as to mean what he wrote and said? If so, precisely how did he differ from the orthodox Federalists? What effect did this difference have? These are questions that need a more complete answer.

To begin with, the background and the whole outlook of Adams differed materially from that of such spokesmen of the commercial group as Hamilton, Gouverneur Morris and Robert Morris.[9] It is true that Hamilton and Adams had a common background in training for the law. Before the Revolution, moreover, Adams maintained a general practice in the commercial city of Boston. But at the start of the Revolution he abandoned this practice, never thereafter to return to it, nor to be connected with the affairs of commerce. He devoted his time exclusively to farming and to public affairs. In contrast, Hamilton developed a large legal practice and became the spokesman for the trade and commerce of New York.

As a product of New England, Adams was naturally acquainted with the importance of commerce and of the fisheries.

[6] James Harrington, *The Commonwealth of Oceana* (London, 1656).

[7] Beard, *op. cit.*, pp. 310-311; Parrington, *op. cit.*, I, 313-316.

[8] James Truslow Adams, *New England in the Republic, 1776-1850* (Boston, 1926), p. 212.

[9] Beard, *op. cit.*, pp. 318-319; Parrington, *op. cit.*, I, 326.

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It was one of his proudest boasts that he had been responsible for the clauses in the Treaty of 1783 protecting the rights of New England fisheries.[10] Fundamentally, however, he never moved far from the position of the Physiocrats. In 1788 he wrote to Ralph Izard:

> Your sentiments of the fisheries as a source of wealth, of commerce, and naval power are perfectly just. Nevertheless, agriculture is the most essential interest of America, and even of the Massachusetts Bay: and it is very possible to injure both by diverting too much of the thoughts and labor of the people from the cultivation of the earth to adventure upon the sea.[11]

Not all of his pronouncements expressed such a partiality for agriculture. When he was president, Adams, like Jefferson, spoke of the importance of commerce and specifically recommended its protection to the Congress.[12]

Another factor which caused a difference in viewpoint between Adams and the commercial group was Puritanism.[13] Although in sectarian outlook Adams, being virtually a Unitarian, had no particular bias from his New England background, on moral questions he was strongly influenced. His strict moral code caused him to condemn anything which smacked of speculation. This reinforced his Physiocratic prejudice against many of the practices of the commercial interests.[14]

The first phase of Adams' economic opinions to be considered is his position in relation to various schools of economic thought. He was one of the most widely read men in the America of his time. Though best informed in the fields of history, politics and theology, he was also well read in the field of economics. First of all, he was fully familiar with the colonial controversies and pamphlets on the question of paper

[10] See especially the *Diary* for November 1782, *Works*, III, 300-339.

[11] Sept. 25, 1778, Francis Wharton, *Diplomatic Correspondence of the American Revolution* (Washington, 1889), II, 743.

[12] *Annals of Congress*, VII, 631-632, Fifth Cong., 2d sess., Nov. 23, 1797.

[13] Biographies already cited and Gilbert Chinard, *Jefferson et les idéologues* (Paris and Baltimore, 1925), pp. 226-287.

[14] Beard, *op. cit.*, pp. 318-319; Parrington, *op. cit.*, I, 320.

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money. Furthermore, the works of many leading economists are in his library, and an examination of his books shows that in many of them he made marginal comments.[15] In addition, there are references to others in his correspondence.

In general Adams followed the older theorists rather than his contemporaries.[16] This was especially true in the case of money, since he was an admirer of the works of Sir Isaac Newton[17] and John Locke. Many views expressed in the latter's *Some Considerations of the Consequence of the lowering of interest and raising the value of Money* (1691) are echoed by Adams.[17]

When more general writers are considered, Adams is disappointing. Differences among schools of thought seem to escape him. In a letter to Jefferson he called François Quesnay, author of the *Tableau économique* (1758), "the grand master"[18] and expressed admiration of the *Encyclopédie*, a copy of the third edition (Genève, 1778-1779) being in his library. In general these two works are in agreement, for Quesnay was a contributor to the *Encyclopédie*. On the other hand, in the same letter Adams commented favorably on the

[15] The library of John Adams is now in the Boston Public Library, where it was examined. A number of books once in it are now missing. Fortunately a catalogue of the library was published when the books were given to the city of Quincy. See *Deeds and other documents relating to the several pieces of land, and to the Library presented to the town of Quincy by President Adams, together with a catalogue of the books* (Cambridge, 1823).

[16] Adams to John Taylor, March 18, 1819, *Works*, X, 375-376.

[17] He would probably have known the two most widely printed of Newton's reports as Master and Worker of the Mint, *Report to the Lord High Treasurer on the value of foreign gold and silver coins . . .*, 7th July 1702, and *On the state of gold and silver coins of the kingdom, and on the relative value of gold and silver*, 21st September 1717. Adams at times shows understanding of some features of the quantity theory and did know Gresham's law. Other refinements and differences of theory escaped him. For the best review of the subject of early monetary theory see Arthur E. Monroe, *Monetary Theory before Adam Smith* (Cambridge, Mass., 1923).

[18] March 2, 1819, Chinard, *Jefferson et les idéologues*, p. 270. While no copy of the *Tableau économique* is in the list presented to the town of Quincy, there are Quesnay's *Essai physique sur l'oeconomie animale* (Paris, 1747, 3 vols.); *Philosophie rurale* (Amsterdam, 1763, 3 vols.); and *L'ami des hommes; ou Traité de la population* (1759, 3 vols. in 5). The last two works are the products of collaboration with others.

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writings of two mercantilists, Sir James Steuart Denham[19] and Isaac de Pinto.[20] He also approved of Adam Smith, the founder of classical economics. Two copies of *The Wealth of Nations* are in his library, one of the second English edition (1788) and one of the French translation (1781). Apparently the theoretical differences among these schools of thought are dismissed with the statement that they contain "mysteries, paradoxes, and enigmas." Despite the approbation expressed several times for Adam Smith, specific references to his works are rare, and certainly on most questions, Adams accepted other writers. He reserved his highest praise for the Physiocrats; and undoubtedly rejected Smith's more advanced theories on banking.

Toward the close of his life, after the friendship with Jefferson had been renewed, Adams received from the Virginia statesman a copy of Comte Antoine Louis Claude Destutt de Tracy's *A Treatise on Political Economy*, which had been translated by Jefferson from the French and printed in the United States.[21] In an unpublished letter to Jefferson, Adams had given permission to publish his letter endorsing the work.[22] Apparently, however, Jefferson never released it to the press. Destutt de Tracy was a follower of Adam Smith, though certainly not one of his clearest expositors. Finally, at the close of his career, Adams ran the gamut of economic theory by endorsing Daniel Raymond.[23] Raymond is distinguished as an early American nationalist, and a strong proponent of protection. He violently attacked the free trade ideas of Adam

[19] He was the author of *An Inquiry into the Principles of Political Economy* (London, 1767, 2 vols.). His work was soon overshadowed in England by that of Smith, but had considerable influence on the later German historical school. A copy of the 1770 edition is in the Adams library.

[20] Author of *Essai sur la luxe* (Amsterdam, 1762) and *Traité de la circulation et du crédit* (Amsterdam, 1771).

[21] Georgetown, 1817. A preface was written by Jefferson.

[22] April 2, 1819, in Jefferson Papers (Manuscript Division, Library of Congress).

[23] *The Elements of Political Economy* (Baltimore, 1820). The similarity between the ideas of Raymond and Friedrich List's *National System of Political Economy* (1841) is noted in Charles P. Neill's *Daniel Raymond* (Baltimore, 1897), pp. 46 *et seq.*

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Smith.[24] He also opposed Adam Smith on the question of banking.[25] By this time Adams was convinced that the growing industry of the United States needed a protective tariff. On that score the strongly nationalist ideas of Raymond probably appealed to him. Consequently he wrote a letter of endorsement, which appeared as a preface to later editions of the work.[26] It is probable that the reason Adams was more friendly to manufacturing than to commerce and banking was that to him, as to others with a Physiocratic background, it appeared more productive, thus being comparable to agriculture. At the same time, it was something which could be developed in the United States, and Adams was ever a strong nationalist.

The chief common conception of virtually all these writers, with which Adams agreed, was the natural law theory of his time. In this way he was prone to justify his beliefs. On specific questions of economic theory many of the treatises which he found praiseworthy lack internal consistency. This probably contributed to Adams' confusion, but he showed little ability to discriminate among the various schools. It must be remembered, however, that many of Adams' pronouncements were put down in the midst of controversy, and that he drew on his own experience rather than on the theorists for his economic ideas. His inconsistent endorsements of theoretical economists probably arose from the fact that he read them for specific points of policy rather than for their general philosophies.

Before proceeding with an analysis of how Adams put his economic ideas into practice, and thus developed many specific points of disagreement with the Federalists, one other phase of his general system of ideas should be noted. His political opinions first coincided with those of the orthodox Federalists during the period of constitution making, just prior to the ratification of the federal constitution. But among the Federalist conservatives there was always a lingering suspicion of

[24] Raymond, *op. cit.* (2d ed., Baltimore, 1823), I, 125-257, 328-329; II, 125-157.

[25] *Ibid.*, II, 198-253.

[26] Daniel Raymond, *Political Economy* (Baltimore, 1840).

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Adams because of his radical tendencies during the Revolution. As is well known, he was prominent in the early debates in the Continental Congress. He was foremost in pressing for the adoption of drastic measures against England. His political ideas at this time were correspondingly radical.[27] It was only with the close of the Revolution that he became more conservative, and it was after 1787 that he produced such political writings as *Defence of the Constitutions of Government of the United States* (1787-1788),[28] *Three Letters to Roger Sherman, on the Constitution of the United States* (1789),[29] and *Discourses on Davila* (1790).[30] These aroused enthusiasm among the conservatives and were largely responsible for alienating him from the Republicans. Among the stanch Federalists, however, the memory of the earlier period must have lingered.[31]

Adams' position on those economic issues which fell within the realm of practical politics was at no time acceptable to the commercial group. Instead he was surprisingly in agreement with the agrarians, even when he opposed them on particular points of political theory and outlook. This can best be demonstrated by examining the position which he took on the chief economic issues of his day.

The commercial group's distrust of Adams was not lulled by the policy which he followed in making peace with England. In 1778 he had urged that the United States prepare to supplant British trade by enlarging that with France and other continental countries, even terming England a natural commer-

[27] Walsh, *op. cit.*, ch. ii.

[28] *The Works of John Adams*, IV, V, VI.

[29] *Works*, VI, 427-436.

[30] *Works*, VI, 227-403.

[31] It should be remembered that the commercial interests had moved rather slowly to the support of the Revolution, and many in fact had become Tories or remained neutral. After 1783 they were again united. As Arthur M. Schlesinger states: ". . . Once more united, the mercantile interests became a potent factor that led to the establishment of the United States Constitution." *The Colonial Merchants and the American Revolution, 1763-1776* (New York, 1918), p. 606. Also see Charles A. Beard, *An Economic Interpretation of the Constitution of the United States* (New York, 1925).

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cial rival.[32] Despite his recommendations, Adams was empowered by Congress in 1779 to negotiate a treaty of commerce with England when peace negotiations were begun. Subsequently this power was revoked by Act of Congress of July 12, 1781.[33] Adams thereupon urged the necessity of continuing such authorization, with the result that, upon a motion drawn up and introduced by Hamilton, the authority to negotiate such a treaty was vested in Adams, Franklin and Jay in instructions adopted May 1, 1783.[34]

After the treaty of peace with England and his subsequent appointment as the first United States minister to England, Adams devoted considerable attention to the matter of a commercial treaty, but these efforts were not at all fruitful. Disappointed, he began to urge retaliation by Massachusetts and the other states of the Confederation, writing to this effect to the Governor of Massachusetts. At the same time Adams urged fulfillment of the obligations assumed by the United States under the Treaty of 1783 in the matter of paying the debts owed to British merchants. This was as far as he was willing to go to conciliate England. Meanwhile to assure independence from England, he thought that the policy of the United States should be directed to the upbuilding of American manufacturing.[35]

In view of the difficulties attendant upon our early relations with England, probably no negotiator could have succeeded; but Adams' policy displeased those who were advocates of placating England. After he returned to the United States and had been chosen vice-president, the question once more arose as to the choice of a representative to negotiate such a treaty.

Between 1787 and 1790, Beckwith, the unofficial agent of

[32] Adams to President of Congress, Aug. 4, 1779, Wharton, *op. cit.*, III, 281; and Adams to Genêt, May 1, 1780, *ibid.*, p. 687.

[33] *Works of John Adams*, VII, 453; *Journals of the Continental Congress* (Washington, 1909), Aug. 14, 1779, XIV, 956; and XX, 744.

[34] *Works of John Adams*, I, 400, and VIII, 146; *Journals of the Continental Congress*, XXIV, 320.

[35] Adams to Samuel Adams, 1785, *New York Public Library Bulletin*, VIII, 240; also Jan. 26, 1786, and June 2, 1786, *ibid.*, X, 241-243.

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Britain to the United States, reported, in a long series of communications, the attitude of the Federalists on the question of a British treaty. He found such representatives of the commercial interests as Hamilton, Jay and Fisher Ames anxious for a close connection with England.[36] He likewise found these leaders critical of Adams and determined that the latter should not again be sent to England. On this question their attitudes toward Adams and Jefferson were surprisingly similar. They felt that neither would be willing to yield enough to make the American terms acceptable to England. This information was duly transmitted to Lord Grenville,[37] Secretary of State for the Home Department, who, in 1791, became Secretary of State for Foreign Affairs.[38]

Although unsatisfactory as a possible negotiator, Adams won some support from the Federalists because of other aspects of his commercial policy. During the Napoleonic wars an extensive list of restrictions upon American commerce was introduced by England.[39] In response, the measures proposed by the Republicans in Congress were those of retaliation rather than negotiation. Adams expressed strong disapprobation of one such proposal: that the British debts be sequestered.[40] Two additional retaliatory measures, one suspending all commercial intercourse with England and another laying an embargo on British goods, were killed in the Senate by the deciding vote

[36] One estimate of the volume of trade to England and her dependencies puts the total as high as 50 per cent of all U. S. exports in 1790-1791. Emory R. Johnson, and others, *History of Domestic and Foreign Commerce of the United States* (Washington, 1915), pp. 20-23.

[37] Lord Dorchester to Lord Grenville, Oct. 25, 1789 and May 27, 1790, Douglas Brymer (ed.), *Report on the Canadian Archives for 1890* (Ottawa, 1890), pp. 121 *et seq.* and 133 *et seq.* Also Samuel Flagg Bemis, *Jay's Treaty* (New York, 1923), pp. 64-66.

[38] Walter Fitzpatrick (ed.), *The Manuscripts of J. B. Fortesque, Esq.* (Historical Manuscripts Commission, London, 1892-1927), pp. xv-xl.

[39] Alfred T. Mahan, *The Influence of Sea Power upon the French Revolution and Empire* (Boston, 1892), I, 241-242. For a list of British restrictions, see Anna Cornelia Clauder, *American Commerce as Affected by the Wars of the French Revolution and Napoleon* (Philadelphia, 1932), p. 30.

[40] To Abigail Adams, April 1, 1794, *Letters . . . to His Wife*, edited by Charles Francis Adams (Boston, 1841), II, 148.

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of Adams.[41] Finally, Adams strongly favored both the opening of negotiations for Jay's Treaty and its ratification.[42]

The essential differences between Adams and the Hamiltonian Federalists, however, were on fiscal and banking questions. The funding system and the assumption of state debts had met with the hearty approval of Adams. His endorsement of the plans was noted with disapproval by the more extreme Republicans.[43] With Adams the sole objective was the reestablishment of public credit.[44] While never approving the speculation in these securities (especially where it was carried on by members of the government),[45] and refusing, of course, to participate in it himself,[46] he rejoiced in the rise of the price of the securities to par.[47] On the other hand he did not accord Hamilton great personal credit for this or other fiscal proposals, nor did he have a high opinion of Hamilton's knowledge of matters of finance.[48] The Secretary's policies, he thought, achieved success because the new government had strength and adequate sources of revenue. They were formulated, moreover, on the advice of men who had served in the financial department of the government from the outbreak of the Revolution.[49]

[41] Adams to Abigail Adams, April 15, 1794, *ibid.*, 155; *Annals of Congress*, IV, 87; *Porcupine's Gazette*, November 1799, as quoted in William Cobbett's *Porcupine's Works* (London, 1801), XI, 111. On other occasions, such as the neutrality act concerning France, the vote of the vice-president was employed for Federalist proposals. *Annals of Congress*, IV, 66-67; and Adams to Abigail Adams, March 12, 1794, *Letters to Wife*, II, 146.

[42] Adams to Abigail Adams, Jan. 7, March 13, 25, April 16, 19, 1796, *Letters to Wife*, pp. 198-223.

[43] *The Journal of William Maclay* (New York, 1927), pp. 318 *et seq.*

[44] Adams to Benjamin Rush, Jan. 25, 1806, *Old Family Letters copied from the originals for Alexander Biddle*, series A (Philadelphia, 1892), p. 98.

[45] Adams to Benjamin Waterhouse, May 9, 1813, Worthington C. Ford (ed.), *Statesman and Friend* (Boston, 1927), p. 99.

[46] Adams to Rush, Aug. 25, 1811, *Old Family Letters*, p. 351. It is amusing to note that, in a particularly misanthropic moment, Adams wrote that a dominating factor in determining the location of the capitol was Washington's desire to dispose of lands at a profit. Same to same, Aug. 14, 1811, *ibid.*, p. 345.

[47] Same to same, Jan. 25, 1806, *ibid.*, p. 98.

[48] Same to same, Aug. 23, 1805, *ibid.*, p. 75.

[49] *Ibid.* "His knowledge of the great subjects of Coin and Commerce and

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While Adams approved the establishment of a system of taxation to provide the necessary revenue, he expressed alarm at the resulting burden. In this respect he showed far more concern than did Hamilton. Moreover, he was disturbed at the size of the public debt, whereas Hamilton regarded it at this time as a means of increasing the interest of the financial and commercial groups in the government.[50] Adams' views on these matters were expressed to his wife, "While I confess the necessity of it, and see its importance in giving strength to our government at home and consideration abroad, I lament the introduction of taxes and expenses which will accumulate a perpetual debt and lead to future revolutions."[51] Again he wrote: "We have very disagreeable business to do in finding ways and means for the expenses we have already incurred. It grieves me to the heart to see an increase of our debt and taxes. . . ."[52] At the same time he was not in sympathy with the Republicans, who were advocating costly measures

their intimate Connection with All Departments of every Government . . . was very superficial and imperfect." Adams declared that Hamilton got his knowledge from Duer, the brother-in-law of Rose, Departmental Secretary under Pitt. Further, "Duer had been long Secretary to the Board of Treasury." Other men in the department, "Lee, Osgood, and Livingston were all men of abilities. . . ." Moreover Oliver Wolcott had seven years of experience with Connecticut finance. The only change from the old Congress was to make a secretary, "so that I see no extraordinary reason for so much exclusive Glory to Hamilton. . . ." This is, of course, too extreme a statement; but for further discussion of the origins of Hamilton's ideas on central banking, the funding system, and the sinking fund, see James O. Wettereau, "Letters from Two Business Men to Alexander Hamilton on Federal Fiscal Policy, November, 1789", *Journal of Economic and Business History*, III, 667. For origins of his ideas on manufacturing, see Samuel Rezneck, in *ibid.*, IV, 790 *et seq.*, with special reference to Benjamin Rush and Tench Coxe. For the view that the claims of Coxe concerning Hamilton's "Report on Manufactures" are not justified in the form advanced by Coxe, see Harold Hutcheson, *Tench Coxe* (Baltimore, 1938), p. 100; and Arthur H. Cole, *Industrial and Commercial Correspondence of Alexander Hamilton* (New York, 1928). Also on the ideas of the time, see B. A. Konkle, *Thomas Willing* (Philadelphia, 1937); and Robert A. East, *Business Enterprise in the American Revolutionary Era* (New York, 1938), especially ch. xiii.

[50] Beard, *Economic Origins of Jeffersonian Democracy, passim.*

[51] May 5, 1794, *Letters to Wife*, II, 158.

[52] April 3, 1794, *ibid.*, II, 150.

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against England. Even during his own administration in 1798 Adams voiced opposition to many expenditures forced upon him by Congress and expressed the view that the Federalists would create among the taxpayers an overwhelming reaction against the government.[53] To Congress, in his annual message in 1797, he expressed concern over the size of the United States debt, and at the same time pointed to abuses in the British funding system.[54]

During the formative period of fiscal policy, 1790-92, Adams did, however, support Hamilton on a sufficient number of questions to be viewed as generally favorable to him. At the time of the investigation of the Treasury Department by the House of Representatives in 1793, Adams strongly supported Hamilton and termed him "a faithful servant . . . [whose] character will shine all the brighter. . . ." [55] Likewise, although condemning Adams in other respects for his fiscal views, Hamilton acknowledged in the public pamphlet in 1800: "It is, in particular, a tribute due from me, to acknowledge that Mr. Adams being in quality of Vice-President, *ex officio*, one of the Trustees of the Sinking-Fund, I experienced from him the most complete support." [56]

Banking was the most important economic subject on which fundamental differences appeared between Adams and the

[53] Adams to McHenry, Oct. 22, 1798, *Works*, VIII, 612. Adams writes to his Secretary of War almost as though he were an outsider (as he was on many matters) rather than the head of the government. Concerning the need for the American army, which was the matter in question, he declared, ". . . There is no more chance of seeing a French army here than there is in Heaven." On the same matter a conversation was reported to Hamilton in which Adams stated: ". . . [The people] have submitted with more patience than people ever did to the burden of taxes, which have *been liberally laid on*, but their patience will not last always!" Sedgwick to Hamilton, Feb. 7, 1799, John C. Hamilton (ed.), *The Works of Alexander Hamilton* (New York, 1851), VI, 393.

[54] *Annals of Congress*, VII, 633-634, Nov. 23, 1797.

[55] Adams to Abigail Adams, Jan. 24 and Feb. 27, 1793, *Letters to Wife*, II, 121, 127.

[56] Alexander Hamilton, *Letter Concerning the Public Conduct and Character of John Adams* (New York, 1800), pp. 9-10, in *Works of Alexander Hamilton*, VII, 693.

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Hamiltonian group. To understand this fully it is necessary to consider both the political situation of the period and Adams' theories of banking. There were three main currents of thought concerning banking at this time. The Federalists, best represented by the Hamiltonian group, demanded banks to supply credit for their commercial needs. At the same time they insisted that whatever banks were established should be operated on a sound basis, so that a stable system of credit and paper money might result. Finally, realizing that profits would accrue from banking, they desired a political monopoly of banking for their own purposes.

The Republicans, on the other hand, were not unified in their point of view. The most orthodox group, for which John Taylor was spokesman, opposed all banks which might perform the function of discount or issue paper money. This group was composed of "hard money" proponents. The majority of the party, however, were usually favorable toward banks when any practical question of policy was under discussion. Debtors in the cities sympathized with this attitude. Most of the city merchants were Federalists; but some were Republicans. This latter group desired the Republicans to support banks which they (the Republican merchants) might control.[57] Finally as the tide of sentiment for banks rose, certain of the anti-bank Republicans were willing to yield on grounds of political expediency. At one time, when the Bank of the United States threatened to establish a branch at Richmond, Jefferson suggested that the Republicans should charter a state bank.[58]

[57] For example, there is the case of the Manhattan Company of New York, for which Aaron Burr and other Republicans secured a charter as a water company. A clause in the charter permitted this to become a bank of discount. It was incorporated on April 2, 1799, and began operations in September of that same year. Noah Webster, *Miscellaneous Papers* (New York, 1802), p. 19. Sidney I. Pomerantz, in his *New York: An American City* (New York, 1938), has shown that the Federalists had knowledge of the purposes of Burr at the time the vote was taken on the bill (pp. 187-190).

[58] Jefferson to Madison, July 3, 1792, Paul Leicester Ford (ed.), *The Works of Thomas Jefferson* (New York, 1904), VII, 98. Also see J. O. Wettereau, "New Light on the First Bank of the United States", *Pennsylvania Magazine of History*, LXI, 281, where Jefferson is shown to have been a borrower from the Bank of the United States. The same article establishes the nature of the

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These, then, were the three main political factors in the situation. The Federalists generally supported sound, conservative, commercial banking. Some of the Republicans desired banks, of greater or less degree of soundness. Finally the more consistent agrarians (a minority of the Republicans) opposed all banks of discount and all paper money, whether issued by banks or by the government.

In connection with the views of Adams concerning banks, the status of banking theory at this time must be briefly examined. All banks which were chartered issued paper money. Consequently, few writers of the period wrote about banks apart from the question of paper money and inflation. Adams therefore approached the question through a discussion of paper money. During the Revolution the issue of almost unlimited amounts by the Continental Congress had resulted in the virtual repudiation of the Continental currency. It was with banks, after their establishment, that the problem of note issue was more intimately associated.[59] At the same time the banks created commercial credit simply through discounting paper. This last function, discount, and the creation of deposit credit were but little understood at this time.[60] Adams believed the effects of both note issue and discount were inflationary, and hence that both were wrong. His failure to distinguish between the two functions, however, makes his presentation confusing.

Approaching this subject, then, through a consideration of Adams' views on paper money, we find that in 1789, in response to a query on the subject, he replied that at that time there was no sound basis for credit. "No man of common sense will trust us. As long as unlimited democracy tyran-

business of the bank, which made loans chiefly to manufacturers, master mechanics, wholesalers and wealthy landowners.

[59] Harry E. Miller, *Banking Theories in the United States before 1860* (Cambridge, Mass., 1927), chaps. iv, v, vi. This work briefly mentions the opposition of Adams to banks. *Ibid.*, p. 20. The opinion is expressed that only the Republicans opposed the national bank, a view with which the present writer disagrees. *Ibid.*, p. 24.

[60] Hamilton, for example, regarded bank credit as capital. *Ibid.*, p. 82.

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nized over the rich, no man of property was safe." [61] Shays's Rebellion was still fresh in Adams' mind. Apparently, it was the demand for cheap money, sponsored chiefly by the inflationist wing of the Republican Party, which Adams most feared at this juncture. In opposing such a demand, he was in accord with Federalist orthodoxy. In the same letter he stated that he hoped there would be no necessity at all for paper money. Instead, " the cash paid in imposts will immediately be paid to creditors, and by them circulated in society." [62] It is noteworthy that Adams' correspondent here, James Sullivan of Boston, was the author of a sharp attack on Hamilton's banking policies in his *Path to Riches* (1792). In this he also follows the argument of Dr. Richard Price, another close friend of Adams.[63]

When the question of the establishment of a national bank arose, these views concerning banks of issue and discount were reflected in Adams' outline of the type of national bank which should be established. As to its constitutionality, he had no doubts. Furthermore, following the same plan as did Sullivan, he agreed that such a bank should be established. To that extent, he was in agreement with orthodox Federalist theory. Adams always was a strong nationalist, never an adherent to the idea of states' rights. Thus, he was in disagreement with the Republicans. When it came to the purpose for which these national powers should be used, however, he disagreed with the Federalists. In 1794 he wrote, " One Bank of the United States with its branches strictly limited in its operations, would be useful . . ."; [64] and again he wrote:

> A national bank of deposit I believe to be wise, just, prudent, economical, and necessary. But every bank of discount, every bank by which interest is to be paid or profit of any kind made by the deponent, is downright corruption. It is taxing the public

[61] Adams to James Sullivan, Sept. 17, 1789, *Works*, IX, 562.

[62] *Ibid.*

[63] *Cf. On the Nature of Civil Liberty* (London, 1776).

[64] Jan. 12, 1794, *Letters to Wife*, II, 138.

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> for the benefit and profit of individuals; it is worse than old tenor continental currency, or any other paper money. . . .[65]

More information is given in a very important passage of an unpublished letter from Adams to Jefferson:

> The Medici rose to the despotism of Europe, ecclesiastical, & political, by the machinery of banks, hundreds of mushrooms or Jonah's gourds have sprung up in one night in America by the strength of the same rotten manure. How has it happened that the bank of Amsterdam has for so many years conducted all most all the commerce of Europe without making any profit to the proprietors, and how has it happened that religious liberty, fiscal science, coin & commerce, & every branch of political economy should have been better understood and more honestly practiced in that Frog land, than any other country in the World.[66]

Examination of the plan of the Bank of Amsterdam, or Amsterdam Wisselbank, will likewise clarify Adams' stand on discounting. This bank was founded in 1609. It was designed to be primarily a money-changing institution. So varied were the coins then in circulation that it was a great convenience to be able to deposit specie and receive a standard-value bank money in return. A fee was paid by *depositors* for keeping money on deposit. The bank had no right to loan deposits. All specie paid in was supposed to be available at any time. The bank was given a monopoly of all money-changing and deposit business, although this was not enforced. It was controlled by a board of depositors and city officials. All profits went to the City of Amsterdam, which from 1609 to 1796 is estimated to have received 12,256,000 guilders.[67]

[65] Adams to Benjamin Rush, Aug. 28, 1811, *Works*, IX, 638. Elsewhere Adams wrote this bank should be "inexorably limited to ten or fifteen millions of dollars." Same to same, Aug. 23, 1805, *Old Family Letters*, p. 76.

[66] Jan. 29, 1819, in Jefferson Papers (Manuscript Division, Library of Congress). There is rather close agreement between this account and that by Adam Smith in *The Wealth of Nations*. *Cf.* Cannan edition (London, 1904), I, 442-450.

[67] Richard Van der Borght, "History of Banking in the Netherlands", in William Graham Sumner (ed.), *History of Banking in All Nations* (New

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In contrast to this system the Bank of the United States was formed with a capital of $10,000,000. It had the power to issue paper money equal to this capital, to create deposit credit, and to make loans upon adequate security.[68] The issue of paper money by the bank was $1,225,000 on January 22, 1792; $3,700,000 a year later; and $6,539,428 on November 26, 1801. Specie held varied from a low of $500,000 in 1795 to over $5,000,000 in 1801 and over $8,000,000 in 1802.[69] Loans in 1809 were $15,000,000. It did act as a check upon the depreciated currency of some state banks by refusing to accept notes not redeemable in specie. The bank paid dividends of about 8 per cent per annum.[70]

In 1793 Adams wrote, "I consider myself already as taxed one-half of my salary and one-half of all the interest of my money to support bankers and bankrupts."[71] Now this argument is apparently virtually an echo of contemporary Republican arguments. Regarding a contemporary pamphlet which he sent to Abigail Adams he wrote: ". . . [This] production is said to have been written by a Senator from Virginia, Mr. Taylor; I know not how truly. It is like his style, spirit, opinions and sentiments. There is too much foundation for some of his observations. . . ."[72]

The pamphlet in question is probably that one entitled: *An Enquiry into the Principles and Tendency of Certain Public*

York, 1896), IV, 188-371. A fact, of which Adams apparently was not aware, is that the bank had secretly been granting loans to the Dutch East India Company since 1657. This was generally suspected by 1789, and resulted in depreciation of the bank money. In 1796, public recognition of the fact was made, and the bank reorganized. It struggled on until 1819, when it was finally liquidated. This, of course, does not affect the theory of the bank so far as Adams' ideas are concerned.

[68] Barton Hepburn, *History of Currency in the United States* (New York, 1924), p. 84.

[69] Wettereau, in *Pennsylvania Magazine of History*, LXI, p. 283.

[70] Hepburn, *op. cit.*, p. 84; also see John T. Holdsworth, *The First Bank of the United States* (Washington, 1910). The bank charter is given in Holdsworth, pp. 126-132.

[71] Jan. 9, 1793, *Letters to Wife*, II, 117.

[72] Jan. 12, 1794, *ibid.*, II, 138.

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Measures.[73] Taylor represented the ideas of the group which in this article have been called orthodox agrarian. Naturally his first argument is that the bank is unconstitutional. As has been shown above, Adams held directly opposite views on this point. Taylor advocated the eradication of banks through legislation in the larger states prohibiting the circulation of any bank paper. These measures were to be directed against the Bank of the United States.[74] On the other hand, Adams' plan was for a federal bank to drive out all state banks and all paper money. A further method advocated by Taylor was for two thirds of the state legislatures, or as many as possible, to protest the action of Congress. Thus, although agreeing in the economic reasons for opposing banks, the two differ in their political means of solving the problem; Taylor voiced the states' rights and Adams the nationalist point of view.

Adams' contention that banks through certain functions robbed the community followed the argument which in Taylor's writings proceeded as follows: All income is derived from labor, something cannot be created from nothing. Consequently someone has to work to pay the interest on bank credit. How has this credit been created? It is not derived from specie, which would offer some real basis for loans. Instead, three fourths of the capital is required to be in government bonds. These were probably acquired by persons profiting from speculations in the funding system. Now, on the basis

[73] Philadelphia, 1794. This pamphlet was published anonymously. Another anonymous pamphlet by Taylor is *An Examination of the Late Proceedings in Congress, respecting the Official Conduct of the Secretary of the Treasury* (Richmond, 1793). A third is *A Definition of Parties; or The Political Effects of the Paper System Considered* (Philadelphia, 1794). There is a possibility that the pamphlet sent by Adams, and to which the letter refers, was the 1793 pamphlet. However, the part of these with which Adams was chiefly concerned, as the context of his letter shows, is the discussion of the banking and paper systems, on which Taylor touched in all three of the pamphlets.

While the later correspondence between Taylor and Adams has attracted comment in Henry H. Simms's *The Life of John Taylor* (Richmond, 1932), chapter vii, this early endorsement has not been emphasized. Also see E. T. Mudge, *The Social Philosophy of John Taylor of Caroline* (New York, 1939).

[74] Taylor, *An Enquiry into the Principles and Tendency of Certain Public Measures*, p. 80.

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of these bonds paper money is issued, creating additional false capital, to be loaned out at interest. Thus, it is contended, an engine is set up, controlled by the rich and operating to draw into their hands additional funds. This income is a tax on labor, which is alone capable of production.[75] Taylor does not, however, deny to all capital the right to receive interest; for in the matter of private loans, where specie is the basis of the transaction, there is no speculative value set up, and the transaction is based on a reasonable limit.[76] But in regard to the bank, he insists that the bill should have been called, "An act for taxing the community by the establishment of a bank, and dividing the money so raised among sundry members of Congress, and certain other individuals therein named. . . ."[77]

While the ideas of both Taylor and Adams are marked by a failure to comprehend the principle of credit, they are founded on a real grievance, namely, that the great increase in the volume of money in circulation between the years 1790 and 1795 had a definite inflationary effect. During these years the per capita circulation rose from $3.00 to $7.77, over two and a half times; while the number of banks increased from four to twenty-four, with a corresponding increase in credit facilities.[78]

[75] *Ibid.*, pp. 12-19. In a later period apologies to Marx would be in order.

[76] *Ibid.*, p. 16.

[77] *Ibid.*, p. 33.

[78] Hepburn, *op. cit.*, p. 87. Other authorities differ as to the number of banks. For 1795 Walter Buckingham Smith and Arthur Harrison Cole give 21, and for 1812, 119, *Fluctuations in American Business, 1790-1810* (Cambridge, Mass., 1935), p. 5. Wettereau gives the number of state banks in 1791 as 5, 23 in May of 1796, and 84 in January 1811, *Pennsylvania Magazine of History*, LXI, p. 279. A general description of early state banks is found in Davis R. Dewey, *State Banking before the Civil War* (Washington, 1910).

An interesting list of the banks chartered through 1801 is given by Noah Webster, *Miscellaneous Papers*, pp. 31-33. He estimates the total number of banks, counting the Bank of United States as one bank, at 30; and total capitalization of all at $23,612,000.

Also Adams to F. A. Vandercamp, Feb. 16, 1809, *Works*, IX, 610. "Our medium is depreciated by the multitude of swindling banks, which have emitted bank bills to an immense amount beyond the deposits of gold and silver in their vaults, by which means the price of labor and land and merchandise and produce is doubled, tripled, and quadrupled in many instances. Every dollar of a bank bill that is issued beyond the quantity of gold and silver in the vaults, represents nothing, and is therefore a cheat upon somebody."

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Bank loans and discounts were probably in excess of $20,000,000 by 1800.[79]

Of course, not all of the changes in prices could be attributed solely to banks. But, banks of this period did not follow sound practices. Absence of experience led to many mistakes. The range of business fluctuations was therefore made greater by the practices followed by banks.[80]

The rise in prices was affected by the following items, among others: (1) high prices abroad for American products, and heavy export of these products, (2) the inflow of specie, and (3) the expanding issue of banknotes. Therefore, it is wrong to attribute changes in prices solely to the banks, as did Adams.[81]

It was the belief of Adams that in a correct monetary system, gold and silver are but commodities; and that these would be attracted in sufficient quantities to provide an adequate circulating medium, just as a supply of any goods would be attracted by the demand for it. No suitable replacement, which would maintain a constant value, could be found.[82]

His statements contain at least two fallacies. In the first place, it is not correct to say that when gold or silver is coined there is no change in the value as a result. Adams confuses the price of specie with its value, a common error. In the second place, the idea that through some natural law a suffi-

[79] William J. Shultz and M. R. Caine, *The Financial Development of the United States* (New York, 1937), pp. 127-128.

[80] Smith and Cole, *op. cit.*, pp. 32-33.

[81] For detail on price fluctuations see chapter iii of Smith and Cole, and especially Chart 4. In general there were three periods of prosperity, 1790-1801. The first was accompanied by the speculation in bank securities, and closed in 1792. At that time Weighted Index A (Wholesale Domestic Commodity Prices in Boston) reached a low of 82. A rise then occurred to a high point of 138 in 1796. The next low point was 106 in 1798. A new high of 141 was reached in 1801. *Ibid.*, p. 146. For Index B (Wholesale Imported Commodity Prices in Boston) see *ibid.*, p. 147. Schultz and Caine estimate specie in circulation increased from $10,000,000 in 1790 to as much as $20,000,000 in 1800, *op. cit.*, p. 128.

[82] Adams to John Taylor, March 18, 1818, *Works*, X, 375-377. Again he wrote, ". . . A circulating medium of gold and silver only ought to be established . . .", to Benjamin Rush, Aug. 28, 1811, *ibid.*, IX, 638.

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cient volume of gold and silver would flow into the country has no substantial basis. While sale of products abroad would, of course, bring specie into the country when exports exceeded imports, there would be no guarantee that the amount would suffice for business purposes, assuming a price level as expressed in contracts and other term obligations. Adams seems almost to imply that gold and silver have an intrinsic value. If this be true he does not show an understanding of money as a medium of exchange, nor does he show a consistent adoption of the quantity theory of money. If some aspects of the quantity theory appear at times, on other occasions Adams seems to hold to a commodity theory, a supply theory, or even more primitive ideas. Neither he nor Taylor shows, moreover, any understanding of credit. Throughout, they have a valid point as to the unfair advantage over other citizens which a charter for a bank of discount gives to the stockholders of the bank in enabling them to profit for themselves. But this is an argument for governmental ownership of credit facilities or for the socialization of credit, not that such transactions should be abolished as serving no useful purpose.

To return to the pamphlet by Taylor, he concludes that the result of the banking and funding systems would be to corrupt the members of Congress. Instead of senators and representatives speaking the voice of their constituents, they would speak the voice of the bank. Further he holds that this would tend to make them representatives of an aristocracy which may be expected to result finally in the establishment of a monarchy. He then proceeds to launch an attack upon the philosophy of Adams in regard to a natural aristocracy.[83] Naturally at that point Taylor and Adams would part company.

Illustrative of Adams' attitude toward the state banking systems, is an instructive incident of 1792. At that time there was already one bank in Boston, the Massachusetts Bank which served the commercial interests. In the move to establish another bank, it was considered desirable to draw upon the support of Governor Hancock and his party, many of whom were

[83] *An Enquiry into the Principles and Tendency of Certain Public Measures*, pp. 24-25, 28-29, 36-37.

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Republican agriculturalists. Accordingly the charter of the bank specified that one fifth of the bank funds should be appropriated to loans outside of Boston, for the benefit of agriculture, in sums not less than $100 nor more than $1,000, secured by mortgages on real estate, and having not less than one year to run.[84]

This happened in the year that Quincy was separated from Braintree. As its representative Quincy chose Peter Boylston Adams, brother of John Adams.

> He also was a Man of Sense, Spirit and Honour. Upon the Question of the Union Bank he saw its corrupt Tendency and gave his Nay against it. The Gallery was full of Speculators, and upon his Nay being pronounced the Cry in the Gallery, loud enough to be heard by many, was "God damn the Nays, who would have expected a Nay from that Quarter?" [85]

Quite evidently, the speculators, in the light of orthodox Federalist finance, had not expected such a development. On the same vote a Dr. Tufts of Weymouth voted with P. B. Adams. Both

> lost their Elections in 1793 by a single vote of each against our Union Bank. Two honnester Men, or more disinterested, or independent, can no where be found; no, nor more popular Men. Yet both fell sacrifices to a single vote against a Bank. These two cases were so remarkable, such decisive demonstrations of Banking Corruption that they ought to be detailed and held up as Beacons. But they would have no effect.[86]

In this matter, however, the "Democrats cannot complain of superior virtue, [John] Hancock and [James] Gill, [Charles] Jarvis, [Benjamin] Austin and all the Democrats were engaged [in] the Union Bank." [87] While this bank had Republican support, most state banks were established by Federalists.

[84] Justin Winsor, *Memorial History of Boston* (Boston, 1881), IV, 153.

[85] Adams to Rush, Jan. 17, 1811, *Old Family Letters*, p. 276.

[86] Same to same, Dec. 27, 1810, *ibid.*, p. 273.

[87] *Ibid.* All of those named are prominent Massachusetts Republicans. Gill became a Federalist after 1793.

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To his wife, Adams wrote: "I have the same aversion to the multiplication of banks, and the same apprehension of their pernicious tendency, as you express." [88]

These views upon finance, as Adams wrote to Jefferson, were not kept to himself, but were expressed.[89] The result was that, although in 1792 he had the united support of the Federalist Party, a reconciliation having taken place after the attempt to undermine him in 1789, in 1796 there was considerable opposition to him within the Federalist Party. During the election period of that year the *Gazette of the United States* carried a long series of articles favoring Jefferson over Adams. This was the national organ of the Federalist Party. In it Adams had published his *Discourses on Davila* in 1790. Consequently, the publication of articles opposing Adams in this organ was a matter of great moment. One of these writers, Tench Coxe, took the name "The Federalist". His tenth number states:

> It is also true, and *it is of very great importance*, that he [Adams] is strongly opposed to the great operations of the financial system of our country, though adopted by congress, approved by the President, and confirmed by repeated legislative and executive acts. We mean here explicitly to affirm, without fear of contradiction, that Mr. Adams greatly disapproves of the *funding and banking systems*, and that he does not hesitate to speak of them as matters that have and will produce extreme and extensive ills! [90]

The actual purpose of letting these articles appear in the Federalist organ, controlled by Hamilton, was to divert votes to Pinckney. Coxe goes too far in attributing to Adams enmity to the funding system. Later, Hamilton, in stating his reasons for opposition to Adams, wrote in 1800: "Though in matters of finance he had acted with the Federal party; yet he had,

[88] Jan. 9, 1793, *Letters to Wife*, II, 117.

[89] March 2, 1819, Chinard, *Jefferson et les idéologues*, p. 270.

[90] *Gazette of the United States*, Nov. 30, 1796. Coxe revealed his authorship in the Philadelphia *Aurora*, Nov. 1, 1800. Also see Hutcheson, *Tench Coxe*, p. 38. Coxe was dismissed from the Treasury for this and other political activity, Gaillard Hunt, "Office Seeking", *American Historical Review*, II, 260-261.

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more than once, broached theories at variance with his practice. . . ." This, of course, is not the only reason there given.[91]

Madison, commenting upon the reasons for the support accorded Pinckney, wrote to Jefferson, "This Jockeyship is accounted for by the enmity of Adams to Banks and funding systems, which is now become public, and by an apprehension that he is too headstrong to be a fit puppet for the intriguers behind the screen."[92] During the 1796 campaign this opposition to Adams by the Hamiltonian Federalists was noted by the Republican press;[93] and after his election was assured, this became the basis of a long but unsuccessful campaign to woo him to Republicanism and coöperation with Jefferson in the conduct of the administration.[94]

Bearing all these factors in mind, it is well to attempt some conclusion as to where Adams stood in relation to these economic questions, and to summarize the political implications which may be drawn therefrom. There are certain peculiarities in his position. In general, he stood midway between the Hamiltonians and the Jeffersonians. From the standpoint of political theory, this was probably the reason that in his political writings he called attention to the necessity for a "balance"[95] between the conflicting groups, which should be supplied by the independent executive. He wrote of this in his formal works as the attempt to maintain a balance between aristocracy and the general mass of the people. In reality, however, this was but a part of the conflict. There was also

[91] *Works of Alexander Hamilton*, VII, 695. Hamilton gave credit to Adams for supporting his policies as one of the commissioners of the sinking fund. *Ibid.*, p. 693.

[92] Madison to Jefferson, Dec. 5, 1796, *Letters and Other Writings of James Madison* (Philadelphia, 1865), II, 106.

[93] "Communication", Boston, *Independent Chronicle*, Dec. 10, 1796. Also James Thomson Callender, *American Annual Register for 1796* (Philadelphia, 1797), II, 106.

[94] Writers in the Boston *Independent Chronicle* and Philadelphia *Aurora* for the first quarter of 1797.

[95] *Defence of the Constitutions of Government of the United States*, III, in *Works*, VI, 65; *Davila* in *Works*, VI, 340-341.

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taking place a conflict between agrarians and the commercial interests. Spokesmen for the first group were Jefferson and Taylor; for the second, Hamilton and his cohorts. The first group broadened the basis of its support by identifying its cause with that of popular government, and thus won the political conflict.

Adams' expression of his political sentiments led him to be sharply attacked by the contemporary forces of popular government. Most historians of the period, in their preoccupation with the political writings of Adams, have given little attention to his views on economic questions. When these are taken into account, and a careful analysis of his political actions made, the history of the Federalist period will take on new meaning. This is not the place to consider the matter in detail. Here it can only be suggested that Adams did not stand by himself. What seems to have happened is that there was always a middle group of considerable size. In the newspapers of the time these men were often called "moderates".[96] On the issue of the adoption of the constitution, virtually all of them had been identified with the Federalists. As the legislation advocated by the Federalists under the direction of Hamilton became increasingly directed in the interest of the commercial and banking group, the "moderates", who were often the middle class in the cities and the middle group of farmers, became restless. Madison, for example, and Hamilton stood together on the issue of adopting the constitution, but their paths diverged immediately thereafter. Adams was then left as the spokesman for those "moderates" who remained Federalists. He did not stand alone, but commanded a considerable following both within the Federalist Party and among some of the less extreme Republicans. His close friends Benjamin Rush and Elbridge Gerry were typical of this group.[97] Gerry, for

[96] See the poem "The Trimmer" in *Gazette of the United States*, Dec. 28, 1798; also the letter by Samuel Lyman printed in the *Federal Spy*, the *Boston Gazette*, and finally in the *Aurora* of Oct. 7, 1800.

[97] Besides Rush in Pennsylvania, whose appointment as Director of the Mint was sharply criticized by the Federalists, Adams sought to appoint either one or both of the Muhlenbergs to office. Adams to Benjamin Rush, Nov. 11, 1807,

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example, ran for Governor of Massachusetts in the election of 1800 on the Republican ticket, but supported Adams for the presidency.[98] The mass of the voters sensed that in his political writings Adams had given a frank and honest statement of his views. They realized that other Federalists were stronger proponents of aristocracy. They correctly classified Adams as a moderate Federalist. But, Adams moved too late in his effort to control the policy of his party. After 1799 the extreme measures were alienating the agrarian and other moderate elements. One statement from one of the agrarian Federalists will indicate their attitude. In complaining of the direction which the Federalist policy was taking, General John Williams, a strong Federalist member of the House of Representatives from upstate New York, declared:

> As to the commerce of this country, he thought it had extended too far. As an agriculturist, he would go all reasonable lengths in the protection of commerce; but when this commerce becomes so unwieldy that it is not possible to protect one-fourth of it, he could not go the lengths that some gentlemen were desirous of going. . . .
>
> . . . If the landed interest was to be called upon for three or four millions of dollars a year to protect commerce, the country had better have no commerce at all.[99]

Considered in this perspective, the split in the Federalist Party has more meaning. By 1800 the rift was so wide that Hamilton thought there was nothing to be lost in coming out

Old Family Letters, pp. 172-173. In the press, the rift is best traced by comparing the policy of the pro-Adams New York *Commercial Advertiser* after April 1798 with that of the pro-Hamiltonian organs like the Philadelphia *Gazette of the United States* and the Boston *Centinel*. Especially see the *Commercial Advertiser*, April 4, 30, June 15, 16, July 14, 19, Aug. 3, 25, 1798, and *Porcupine's Gazette* for March 25, 1797. The *Commercial Advertiser* was edited by Noah Webster, who originally had the support of Hamilton as well as Adams. Because he chose to follow Adams his paper declined in circulation and he eventually gave up the editorship. In Massachusetts, besides Gerry, Samuel Dexter and Samuel Lyman should be mentioned. The Fenners led the Adams faction in Rhode Island. To the south, Charles Carroll and John Marshall were included among the Adams supporters.

[98] Gerry to Adams, April 13, 1800, in Gerry Manuscripts (Boston).

[99] *Annals of Congress*, VIII, 1464-1466, April 19, 1798.

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in the open in his attempt to continue to control the party. Hence his famous circular letter, which found its way into print, was a political maneuver based on a long sequence of events.

In similar fashion, it was not unnatural that after 1800 Adams should find himself alienated from most of those remaining in the Federalist Party. Many of his friends, such as Gerry and Rush, went with the Jeffersonians. It was not long before his son, John Quincy Adams, traveled the same road. Again, it is not unnatural that he should renew friendly relations with Jefferson and John Taylor. The most recent writer on Taylor states that "The greater part of his [Taylor's] work which deals with contemporary political thought is opposed to the monarchal apologia of Adams and to the nationalism of *The Federalist*, each of which advocated a dangerous consolidation of power." [100] But this statement seems to miss the main point. It is perfectly true that Adams was a nationalist, Taylor an advocate of states' rights. But the assumption that Taylor was a greater advocate of popular government, however, is hardly correct. Properly considered he is a strong proponent of agrarian aristocracy. Both Adams and Jefferson were stronger defenders of popular government. Even while using Adams' statement in favor of aristocracy as the basis of his critical *Inquiry into the Principles and Policy of the Government of the United States*,[101] Taylor found Adams in agreement with many of the strictures he made on the economic policies of the government. At the same time Adams was

[100] Mudge, *Social Philosophy of John Taylor of Caroline*, p. 29. Throughout this work there is confusion, which follows Taylor, between advocacy of agrarianism and advocacy of popular government. As a matter of fact, Taylor, while a strong agrarian, is actually a proponent of aristocracy. His protest is much more that of a displaced aristocracy, seeking to ally itself with the rising tide of popular government, than a genuine expression of opposition to all aristocracy. It is interesting to examine, for example, his *Arator* (Georgetown, 3d ed., 1817) at pp. 30, 31, 35 and 37 in the light of some of the generalizations of Gaetano Mosca in *The Ruling Class* (New York, 1939), especially at chapter xv.

[101] Fredericksburg, 1814. Page proof was sent to Adams by Taylor as the book was in press. A copy of the completed work is in the Adams library, as is one of Taylor's *Arator*.

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rather amused at the strictures on his presentation of the subject of aristocracy.[102] Adams considered his presentation merely a realistic set of observations; it was not intended to permit the aristocracy to dominate. Out of the active political arena he could consider the whole matter more objectively than was the case while he was in politics. He replied to Taylor in a friendly letter, and prepared a longer series as a reply, but never published it.[103]

On the other hand, the relations of the Adamses, father and son, grew worse with the Federalists of Massachusetts. It was not long before a series of bitter controversies developed with the members of the "Essex Junto". It was possible to make peace with the agrarians; with the commercial group he could not long remain on good terms. As a matter of fact, the mid-position which Adams desired to achieve was adopted, in the main, by Jefferson and his successors. But even they were unable to check the rising tide of banks and finance. This economic trend overwhelmed the dogmas of the opposition.

The success of the Jeffersonians constituted a refutation of another of Adams' cherished principles. The party which achieved "moderation" did so as a political party. Adams' plan for an independent executive was an abstraction never achieved. In reality, the practice of Adams, as well as his personal choice of policies, was dictated all along by the wishes of the moderates among whom he found his greatest support; but he was hardly conscious of this. He was too much of a dogmatist to become an effective leader of a party; yet ironically enough, his dogma was the product of his own background, his own experience, and the groups who were associated with him.

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[102] Adams to Jefferson, Sept. 13, 1813, *Works*, X, 69-71.

[103] Published in *Works*, VI, 445 *et seq.* Adams praised the *Arator* as the best American work on agriculture; to George W. Jeffreys, in *American Farmer*, II, 93; Simms, *John Taylor*, p. 149.

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THE SELIGMAN CORRESPONDENCE IV*

The three letters immediately following were written by two prominent leaders in English "Christian Socialism" at the middle of the nineteenth century. Professor Seligman, on entering his academic career at Columbia in 1885, was deeply disturbed, as were most of the younger economists, by the rising tide of discontent of the laboring classes. He undertook a survey of the work of the early English socialists and embodied his results in an article, "Owen and the Christian Socialists".[54] In preparing this article he communicated with the survivors of the Christian Socialism of the fifties, and their successors in the eighties. The earlier movement had arisen as an answer to the great Chartist agitation in 1848 for political reforms. The leaders were the eminent Oxford theologian, Frederick D. Maurice; the novelist, the Reverend Charles Kingsley; Thomas Hughes, the famous author of *Tom Brown's School Days* and *Tom Brown at Oxford;* E. Vansittart Neale, a lawyer and a man of wealth; and John M. Ludlow, also a lawyer. As Seligman put it, "Their object was to separate that socialism which Southey and other conservatives believed to be the best solution of England's practical difficulties, from communism, red republicanism, or any anarchical opinion whatsoever, and to infuse into it the purest ethical teachings."[55] So Kingsley said: "We are teaching [the workmen] true socialism, true liberty, brotherhood, and true equality (not the carnal, dead level equality of the communist, but the spiritual equality of the Church idea, which gives every man an equal chance of developing and using God's gifts, and rewards every man

* The first three installments of the Seligman Correspondence appeared in the March, June and September 1941 issues of the QUARTERLY.—ED.

[54] POLITICAL SCIENCE QUARTERLY, June 1886; republished in *Essays in Economics* (New York, 1925).

[55] *Essays*, p. 36.

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according to his work . . .)".[56] They denounced the "Manchester school of political economy" as cannibalistic for emphasizing competition, but more strenuously castigated the "pure mechanicalness" of Owen. As Seligman stated, "they professed their entire willingness to be silent in any purely economic point, 'and let their betters speak'"; namely, the professional economists of the traditional laissez-faire school. Their primary objection was that the economists refused to see the usefulness of religion in preventing class conflict, and in achieving the brotherhood of man.

Ludlow (1822-1911) was credited by Seligman in his article with disposing of the wages-fund doctrine.[57] He attacked it primarily on the ground that "there is a human element in the demand for labor which economists overlook. . . . We seldom pay as much as we might." If noblemen would pay higher prices for clothes, tailors could obtain decent wages. Economics should aim at the production of man, not the production of wealth. Thus socialism, said Ludlow, "was the science of human relations"; and a branch was "the science of the production and distribution of wealth", or "plutonomy".

Raised in France and a spectator of the French Revolution of 1848, Ludlow retained a democratic bias, and influenced the group to start producers' coöperatives, with private capital, not with state funds as in France. To the objection that monopoly must be the result, Ludlow answered that the monopoly "they were seeking was one which instead of narrowing sought only to extend the circle and would not cease widening till it had taken in the whole world."[58] Capital for the projects was primarily supplied by Neale (1810-1892) who, when the movement collapsed, became an outstanding leader of consumers' coöperatives.[59]

[56] *Charles Kingsley: His Letters and Memories of His Life*, edited by his Wife (London, 1878), vol. 1, p. 248.

[57] This doctrine in the form generally preached to the working classes held that wages could be raised only if capital were increased or laborers decreased.

[58] "The Aims of Political Economy", *The Christian Socialist*, Jan. 18, 1851; digest of a lecture by Ludlow in *ibid.*, Feb. 22, 1851.

[59] For the movement see the Reverend Charles E. Raven, *Christian Socialism, 1848-1854* (London, 1920).

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John M. Ludlow

October 29, 1885.

. . . To proceed now to your questions:

. . . . .

2. . . If, as I have always maintained, Socialism is the 'ism' of being social or partnerly, then all cooperation—fellow-work—belongs to it.

3. . . The feeling that Socialism must be Christianized, or Christianity Socialized, was, in a certain group of minds in England where it had been either latent or passive, brought into activity by the French revolution of 1848. The example of the Paris associations in 1849 showed a field in which this might be practically carried out.

. . . . .

5. . . The first Industrial and Benevolent Societies Act [of 1852,][60] was the . . . outcome of Mr. [Robert A.] Slaney's Committee on the Savings of the Middle and Working Classes [1850]. . . . It was drawn by me, but settled in conjunction with my friends Mr. Neale and Mr. Hughes with the Select Committee of the House of Commons on the bill. I do not recollect that there was any serious opposition in Parliament, as both parties were in fact pledged to legislation, but there probably would have been, if a different title had been adopted.

6. . . The joint letter of Lord Goderich, Mr. [Augustus A.] Vansittart and Mr. Hughes to the 'Times', Mr. Neale's 'May I not do what I like with my own', my 'Master Engineers and their workmen'. . . led to friendly relations between ourselves and the best of the Trade Union leaders, and for later times to the reports of the Trade Union and Cooperative Congresses, each of which bodies now sends delegates to the other; besides numberless other kinds of concessions between the Cooperative and Trades Union movements. At the same time there is often friction between trade unionism and cooperation when applied to production, and it is true to say that the two have

[60] Seligman wrote of the act "that it has been called the *magna charta* of cooperative trade and industry—the first law in the civilized world that recognized and protected the cooperative societies as separate entities." *Essays*, p. 52.

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not yet found what may be called a working mutual relation.

. . . . .

8. . . I do not think any Chartists who could be called leaders joined our movement, though one tried hard to get into our pay; but several of the younger Chartists came over to us.

. . . . .

11. . . Competition and cooperation are in principle essentially antagonistic, but they may of course co-exist. The crew of a boat must cooperate, cannot compete with one another if they are not to go to pieces; but the crew of one boat may compete with that of another. . . .

12. . . It is a mistake to look upon Christian Socialism as a mere historical event or series of facts. It was a leaven, that is, as modern science teaches us, a living germ,—capable of reproduction *ad infinitum*. Of this you are yourself a proof.

. . . . .

July 24, 1886.

. . . I never did share Kingsley's and Hughes' (originally) strong feeling against the 'Cobden and Bright' school. I had been a member of the Anti-Corn-Law League . . . and while widely opposed to the Manchester school in many respects, I knew the value of both men, and I remember standing up for them against Hughes in the early days of our acquaintance.

Again— . . . my Socialist teacher was not Buchez [as Seligman had stated in the article] but Fourier. . . . Next to him, Proudhon. To Owen I do not owe the scraping of a brass farthing.

. . . "Kingsley confessed that the associations were a failure because the working men were not fit for them" [stated Seligman]. I should rather say that they were a failure because we were not fit to lead them. . . . I think you do not bring out what we did with reference to trade unions. In no respect has there been so marvellous a change in public feeling as in respect of these bodies. And although theoretically J. S. Mill had recognized their value as economic factors, we were the first to fight their battles and associate with their leaders,—we at least, the laymen of the Christian Socialist movement,

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Hughes, Neale, Vansittart, Lord Goderich, myself. Since then I have lived to see the secretary of the Trades Unions Parliamentary Committee, Mr. Broadhurst, made Under Secretary of State for the Home Department, without a whisper of disapproval, when 30 years ago there would have been a perfect howl of indignation from the whole of the press at the mere suggestion of such a possibility. . . . [The report of the section on Trades' Societies and Strikes of the National Association for the Promotion of Social Science, 1860] marks, I think, the turning point of public opinion on the subject.

. . . I was rather amused to find that some one at last had discovered that I had brought out the fallacy of the mechanical wages fund theory long before J. D. Longe.[61] Not that I claim the slightest priority. From the moment I saw and thought of the facts of the world around me, the theory was so palpably absurd to me that I could no more claim credit for saying so than for saying that a man was not a gate-post. In point of fact, you will find the theory already made game of in . . . [the] Christian Socialist, in a "Punch's intercepted letter bag" article, the joint concoction of Hughes and myself, but the particular passage I refer to . . . was if I recollect aright, Hughes'. How a man of dear old Mill's ability could ever take up such a theory I never understood. . . . I never knew but one working man, sensible or foolish, who did not feel and scout the notion as absurd. The exception was a pathetic one —a bootmaker . . . who after telling me the low wages he received . . . added, "It's not their [the employers'] fault—they can't afford to pay more, selling so low as they do." I said nothing, feeling that I could not help the man out of his condition with bread tickets, but it made me feel inwardly very savage.

E. Vansittart Neale

March 21, 1885.

. . . The only matter that I regret in respect to my connec-

[61] See *The Christian Socialist*, conducted by several of the promoters of the London Workingmen's Associations, Nov. 2, 1850, pp. 4-5; Nov. 23, 1850, p. 29.

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tion with this movement is, that I was in too great a hurry. Led away by the enthusiasm produced by the efforts of the Parisian workers to raise themselves by their united efforts, I advanced considerable sums to various bodies of workers, who were to have all the profits on their work after paying me three per cent on the capital, but had the misfortune of losing the capital, without having succeeded in setting up one society which lived; and in consequence only crippled my own power without benefiting permanently those whom I desired to benefit.

The great difficulty in dealing with this question of raising the workers by the profits on their own work is to find united in the same person, the *capacity* for making a business succeed, with the wish to use that capacity for raising up the mass, of those through whose labors the success is to be attained, rising himself with them, but only in proportion to his work; instead of using his powers simply to get on, by getting on the backs of other people. The conditions by which, if their preliminary union of *will* and *capacity* did succeed the desired result will be produced, have been in my opinion determined by the experience of Mr. Godin in his great work at Guise—they are really very simple: e.g.,

1. To divide the profits not reserved, on the *wages* of capital (say at 5%) and the wages of work rateably.

2. To make the association do for the workers, what the desire of making a fortune leads the individual capitalist to do for himself, accumulate the profit and convert it into shares.

3. To prevent any unmanageable accumulation of capital, by paying off at par, shares the capital of which is not wanted, in the order of their inscription, the oldest first.

4. So soon as the numbers of the persons employed make the advantages of united homes perceptible, to form such homes, in connection with the centre of work, and thus bring the advantages of wealth within the reach of the body of the population, while at the same time you substitute in the ordinary atmosphere of their daily lives, the idea of association as the parent of religion, for our present idea of isolation.

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I am satisfied that the associated home is the key stone of the bridge of social reform. The collective ownership of land which is the only effective remedy to the evils whose advent in the United States you foresee and forcibly describe, depends upon, and would naturally grow out of it. Men who have grown accustomed to look on the social palace as their joint home, will naturally look to the domain round that palace, which is to contribute to their support or enjoyment, as their collective property.

And thus by the application of that great principle of federation, of which you have afforded a brilliant political example, domain might be linked with domain, till the whole country became covered with prosperous centres of associated industry—but to form these homes, we need centres of industrial activity. Groups of people who come together under the notion that they can transform their common life into a paradise of continual delight, as I suppose was the case with most of your Fourierist Societies, will be certain to be disappointed and separate. Those who would form successful associated homes, must be prepared for as hard and steady work as men willingly undertake to get magnificent individual homes for themselves. Only the motive to action, which at present is commonly sordidly individual, must be social, i.e., truly Christian, for Christian, if we conceive it according to the Catholic ideal of the being and work of Christians, is the very ideal of Socialism.

. . . . .

The way has been shown by what is in truth only the carrying out of the principle of cooperation. For of that the cardinal principle is to use the present tried means of creating wealth, only giving to that use a social in place of individual object.

I have taken the liberty of placing your letter in the hands of the Editor of the Cooperative News who proposes to extract from your remarks on the state of things in the United States which is very useful to our people who are continually in danger of falling into the illusion that they can get rid of social evils by political changes.

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J. E. Symes [62]

April 7, 1886.

It is not easy to define my relation to the "Present Socialistic Movement in England." I have been actively connected with the "Guild of St. Matthew" and the "Church Reformer" from their foundation and these are among the chief representatives of "Christian Socialism" here.

I advocate the gradual nationalization or municipalization of land values by increasing taxes and rates on them. Apart from the land question I believe that the taxation of the rich for the benefit of the poor might with advantage be carried much further than it is. . . .

I think the time has come for further extensions of the functions of government and municipalities and for many interferences with industrialism which the older economists would have unhesitatingly condemned. On the other hand, I am far separated from our "Marx" Socialists (Hyndman, Morris, etc.). I dissent from their economic theories, and from many of their practical proposals, and I am generally opposed to *rapid* industrial changes.

As for the prospects of the movement, two things seem clear to me:—

(1) That the Socialistic tendencies in favor of such things as Free Schools, Relief Works in times of distress, Extensions of Factory Acts, Increased public Expenditure for public purposes, etc. are growing.

(2) That our Electorate utterly disbelieves in the Utopias of the so-called "Scientific" Socialists (Hyndman, etc.). These are active Propagandists. In the Press they are represented by "To-Day", "Justice", Christian Socialist, and "Commonweal." They are energetic in getting up demonstrations and meetings; they get a real support from many whom misery or the sight of misery has rendered almost desperate; and they have some able and earnest writers; but

[62] The Rev. J. E. Symes (1847-1925), professor at University College, Nottingham, was a leader in the Christian Socialism of the eighties and nineties. His *A Short Textbook on Political Economy* (London, 1888) was an orthodox textbook, very popular in extension classes.

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their weakness at the polls was conspicuously proved at the last general election, while more moderate men of distinct Socialistic tendencies were by no means unsuccessful.

. . . . .

Sir William James Ashley [63]

January 20, '87.

There has recently been created in Oxford a little working society of men interested in Economics, which now consists of some five and twenty members, most of them resident graduates and teachers, the rest senior undergraduates. We meet twice a term—once if possible, to hear the results of more or less original investigation into economic history or present phenomena, and once for the discussion of some matter of theory. We work under great disadvantages—for those of us who teach for the Honours School of Modern History have still to struggle for the due recognition of Economic History and most of the rest of us are still expected by general opinion to teach Fawcett and Mill in a cut and dried fashion easy to be "got up". And it has occurred to some of us who are acquainted with the existence of the American Economic Association and who know such work as that appearing in the Political Science Quarterly and in the Science Economic Discussions [64] that it

[63] Ashley (1860-1927) was one of the leaders of the English "historical school" of economists. His *An Introduction to English Economic History and Theory* (2 vols. London, 1888-1893) still commands attention as an attempt to portray the growth of English life and thought from the standpoint of what might be called Tory socialism. After graduating from Balliol College, Oxford, he became a fellow of Lincoln College; in 1888 he was appointed professor of political economy and constitutional history at the University of Toronto. In 1892 he was appointed to the new chair of economic history at Harvard; and in 1901 he returned to England to become the first incumbent of the professorship of commerce at the University of Birmingham. He spent much of his time in public service. A life of Ashley has been published by his daughter, Anne Ashley, *William James Ashley* (London, 1932).

[64] This was a series of papers which appeared first in the magazine *Science* and were later published under that title. The discussion was conducted in the form of a debate between the exponents of Mill's economics—Dunbar, Taussig, Newcomb—and the exponents of the Wägner variant of the German historical school—Ely, James, Seligman, Richmond Mayo-Smith and Henry Carter Adams.

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would be well if in some way we could join forces with the American Association. We feel the American Association is doing most excellent work, for it is giving the results of German thought as seen by men who understand the English orthodox teaching and English and American circumstances (which is not always the case with the Germans themselves) besides, of course, dealing with actual American questions in a way worthy of our imitation.

November 23, 1888.

You may perhaps like to make some reference in the Political Science Quarterly [65] to the newly created Department of Political Science in the University of Toronto, of which I send you the curriculum recently agreed upon by the Senate after consultation with the Ontario Minister of Education.

You will observe that it is intended to serve two purposes—a training in Political Science, and an introduction to more technical legal studies for future lawyers. This combination is due to local circumstances. There has been great dissatisfaction with the teaching of law in Osgoode Hall under the authority of the Law Society of Ontario; and a desire that the University, which hitherto has had examinations for the LLB degree without providing any instruction, should assume the work of legal education. Unfortunately there is a strong prejudice in this Province against the Provincial University engaging in professional education—on the ground that as it is maintained by a state endowment provided by the whole people it ought not to give special advantages to one profession. At the same time there has been a growing wish for some teaching of Political Science—and especially of Political Economy, hitherto entirely absent. To avoid the objection as to law to which I have referred, and to kill two birds with one stone, this course has been created. This will explain what may seem a preponderance of legal subjects. . . .

The latter referred to themselves as the "New School" and dubbed their opponents the "Old School".

[65] Then, as now, it was edited for the Academy of Political Science by the Faculty of Political Science of Columbia University.

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[no date]

. . . . .

My Oxford experience is that out of ten average men, who don't want to work, and don't expect to care about the subjects, by taking infinite pains you can strike a spark of a soul in about one. And of course that is a most valuable result. But then the tutor is sacrificed to it and that is the reason why so little original work is done by Oxford teachers. . . .

September 15, 1889.

. . . . .

Now as to English Economists [who might be asked for contributions to the POLITICAL SCIENCE QUARTERLY]:

1. *J. K. Ingram* [of Trinity College Dublin]. I know you don't think over-highly of his "History of Political Economy" but you can't afford to neglect the foremost representative in Great Britain of the anti-orthodox movement, and in especial of the Positivist attitude toward Political Economy. The Positivist group (F. K. Harrison, Beesley, etc.) have been of the greatest importance in the social legislation of the last 30 years.[66]

2. *William Cunningham,* of Trinity College, Cambridge. He stands alone in the breach against Marshall at Cambridge, and has remarkable personal influence at Cambridge, especially with the younger University-extension lecturers.

3. *J. S. Nicholson,* Professor [of political economy] at Edinburgh. Pupil of Marshall: orthodox: Conservative. Will give you the conservative view of the Crofter question.[67]

4. *C. F. Bastable,* Professor at Owens College, Manchester. [Later professor of political economy at the University of Dublin.] Has written in international trade. But I know nothing about him.

[66] On March 11, 1890, Ashley wrote to Seligman: "I know you Political Science Quarterly people sniff at Ingram and I have been saddened to see how much he has used other people, e. g., Kautz, but the appearance of his book in England was 'epoch-making.'"

[67] This concerned the demands of the tenants in the Scotch highlands who

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5. *D. G. Ritchie,* Jesus College, Oxford. The best lecturer in Oxford on what is there called ' Political Philosophy '. Writes a brilliant, witty style. Get him to write on Herbert Spencer.

6. [Rev. J. E.] *Symes,* Professor at University College, Nottingham. Has recently written a very good little textbook.

7. *Edwin Cannan,* one of the ablest of the younger men. Look at his " Elementary Political Economy ". He and I used to fight tooth and nail, for while I didn't believe much in " the abstract method " and yet thought highly of some of the formulae of the Ricardians, he believed in deduction but thought everything anybody had done in that way obvious bosh! He writes very well. Ask him to write on any modern financial operation in England—e.g., Goschen's Conversion.[68] Address 24 St. Giles: Oxford. [Later professor at London University.]

8. *Alfred Milner,* Late Fellow of New College, Oxford, Late Assistant Editor of the Pall Mall Gazette and now Goschen's Private Secretary, is the best man you could go to for practical financial administrative matters in England. Address, The Treasury, Whitehall. [Later Lord Milner.]

9. *E. V. Neale,* the veteran champion of Cooperation; now the Secretary of the Cooperative Board, Manchester, would explain the present position of Cooperation, and the relation of the independent productive societies to the " wholesale " which is a burning question now in Cooperative Circles in England.

10. *S. A. Barnett,* Vicar of St. Jude's Whitechapel, and warden of Townbee Hall [social settlement]—the creator of the Toynbee Hall movement—might describe Toynbee Hall work; or better still, give you his experience and opinion as to the administration of poor law.

cultivated small landholdings or " crofts ", to be protected in what they claimed was their right of security of tenure.

[68] This refers to Viscount Goschen, as Chancellor of the Exchequer, successfully converting the national debt in March 1888 from a 3 per cent to a 2¾, and ultimately to a 2½ per cent stock.

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11. *James Bonar.* Address, Civil Service Commission, Whitehall.[69]

12. Of the younger men, *Ll. Smith,* of Corpus Christi College, Oxford.

13. and *L.L. Price,* of Oriel, would I am sure be glad to give you lots of statistical work.

These are all I can think of just now.

November 3, 1890.

. . . . .

I have a second and more important object in writing, and that is to ask you, if you think you can, to write me a few words in the way of commendation of any writings, which I can use as a testimonial at Oxford. I have determined to stand [for the vacant professorship of political economy at Oxford University], though it looks presumptuous. If there were any senior man of obviously preeminent claims, I should not put myself forward; but there will not be; and the candidates ought really to be very much on a level. From the present position of affairs however at Oxford, I know I have little chance. Still I may as well make use of what chance I have.

. . . I am asking very few people, and scarcely any on this side of the Atlantic; but I thought of you as a student of Economic History; and as one of the Political Science Quarterly Editors. I feel convinced that the one chance of Political Economy at Oxford is to bring it into sympathy and contact with the strong historical studies of the place. . . .

December 13, 1890.

. . . . .

The Oxford decision will probably be announced about Christmas. I imagine they will elect Edgeworth: and Oxford will be doomed, for its sins, to unlimited psycho-mathematical economics.

[69] Ashley later wrote to Seligman (March 11, 1890): "As to Bonar, I don't know. The worst of all those moderate orthodox people in England is that they are so unconsciously patronizing to all the heterodox."

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April 13, 1891.

. . . . .

As to Oxford,[70] I am of course very much disappointed. If only the vacancy had occurred a few years later! But there is no 'row' about it. It was by no means a bad appointment in itself—though not in my biased opinion, very suitable for Oxford. It was infinitely preferable to the appointment of a most undistinguished and unoriginal college tutor, which was greatly feared.

August 21, 1897.

I am very glad that you and Taussig have taken the action you have [in circulating a protest against the involuntary resignation of President E. Benjamin Andrews of Brown University because of his espousal of bimetallism]. Before I knew of it, I had seriously considered writing to you or him, urging something of the sort; but finally I thought the initiative would best come from a native American. Ultimately I hope the Economists' address will obtain publicity, with the signatures attached. Unless we make a stand, and let it be generally known, too, we shall all remain under a stigma. The *Political Science Quarterly,* and the *Quarterly Journal of Economics,* would also be suitable places for a public statement. When such a paper as the Boston *Evening Transcript* justifies the action of the Trustees on the ground that the running of a University is "simply a matter of business", it is time to cry aloud!

August 8, 1900.

. . . . .

I am glad you are going to review Schmoller. . . . You remark "It is fine, but it is not the Principles of Political Economy". But does it profess to be? Indeed is not that very phrase one alien to the historical mode of thought? He calls it a "Grundriss der allgemeinen Volkswirtschaftslehre". The analogy is rather to the plan of an edifice.

[70] Edgeworth had secured the appointment. See "Seligman Correspondence III", p. 411, n. 48.

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April 8, 1903.

. . . As to my own work [at the University of Birmingham], I will write to you at greater length by and by. To a large degree it is work which I always desired to do, and in part it is work of a kind in which I came to take more interest during the last two or three years of my stay in America. I never wanted to be a medievalist for medievalism's sake but with the strong masterful personality of my kind friend Taussig on one side, and Cummings [71] taking another group of subjects on the other side, it was not easy for me, as a foreigner intending to remain a foreigner, to go far outside the groove into which I fell.

. . . . .

June 17, 1909.

. . . I'll prepare you now for the shock of learning that Longmans has entrusted me with a student's edition of Mill's *Principles!* But calm yourself. It will only have bibliographical notes of the coldest and most limited kind: I shall not "tamper with the sacred text."

H. S. Foxwell [72]

Feb. 23, 1888.

I do not know whether it was through your kindness that I

[71] Edward Cummings was assistant professor of sociology in the department of economics at Harvard. In 1900 he became a Unitarian minister.

[72] Foxwell (1849-1936) succeeded Stanley Jevons at University College, London, in 1881. But he retained his lectureship at Cambridge throughout his life. On the establishment of the London School of Economics in 1895, he lectured there on currency and banking. But he felt the school had gotten off to a wrong start because of the unscrupulous politics of some of the henchmen of the high-minded Prime Minister Balfour, in letting Sidney Webb control its organization in return for the socialist vote.

He sought in 1901 the new chair of commerce at Birmingham, where he was led to believe that it would be his unless a business man was appointed. Instead, Ashley, backed by Lords Milner and Goschen, obtained the post. The greatest blow was A. C. Pigou's appointment to succeed to Marshall's post at Cambridge in 1908.

Foxwell's greatest service to economics was his collection of two large libraries of scarce tracts in economics. Students of economics are also indebted to him for his editing of Jevons' papers, *Investigations in Currency and Finance* (London, 1884), and for his survey of early English socialist literature in his

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received a copy of your "The Interstate Commerce Law."[73] I cannot resist the impulse I feel to tell you how much I have admired this paper, and how thoroughly I agree with its main principles.

More especially I am with you in believing that the regime of competition has already begun to give place to the regime which we can as yet only dimly apprehend, which is destined to supersede it. In the immediate future it seems to me probable we shall have more and more of monopoly, or of huge combinations, qualified by public control. For my part I have no apprehension of any public evil arising out of this change. On the contrary, it seems to me on every account desirable. It will lead to enormous economies in production; and by concentrating and rendering public opinion more effective it will unquestionably make the conduct of industrial enterprise more beneficent to those employed.

I think we must admit that you on the western side of the Atlantic are at present taking the lead in the development of a real economics. . . .

March 12, 1893.

I do not know of any good man to write an article on Railway Rates here. Edgeworth asked me the same question some time ago, and I gave him the same answer. The subject is not treated academically here. You must either have a man like Acworth on the Railway side, or like Hunter (the M.P.) on the side of the trader.

So far as I can gather from the papers, what is likely to happen is that the powerful interests and powerful individuals will be squared by special rates, and the small people, whose

introduction to M. E. Tanner's translation of Anton Menger's *Right to the Whole Produce of Labour* (London, 1899).

For an account of Foxwell, see J. M. Keynes, "Herbert Somerton Foxwell (1849-1936)", *Economic Journal*, Dec. 1936.

[73] Seligman argued, as did the majority of economists, that railway evils could not be prevented by attempts to enforce competition by law, and that the only feasible remedy was to allow railway pools which were forbidden by the Interstate Commerce Act. "The Interstate Commerce Law", POLITICAL SCIENCE QUARTERLY, Sept. 1887, pp. 411-413.

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case was the strongest, and perhaps the only justification for the recent act, will find themselves more than ever in the power of the Companies, and their last state worse than the first.

I have given myself up wholly of late to the far more important and more urgent monetary question, and have not followed the Rates question closely. It will be time enough to think of rates when we can get traffic to put on the lines. The gold men are slowly but surely strangling our industries, and as I believe, even injuring their own interests in the long run.[74] After all from the productive point of view they are only parasites on the industrial body, and are even more interested in its health and efficiency than the ordinary man. It is rather stupidity than greed that is the matter on this side. Is there any other country in the world in which a Chancellor with a great financial reputation (the grounds of which I have never been able to discover) could get up and say as Gladstone did on Feb. 28, that the stability of gold as a standard was proved by the fact that from 1803-73 it only varied from silver 3 per cent! . . .

November 24, 1895.

. . . . .

I am not aware that the great mass of Conservatives, amongst whom I reckon myself, ever took exception to graduated death duties except on two grounds. (1) That they fell unfairly upon land, already unequally taxed for local rates; and at a time when the landed interest is probably in a worse position than it has ever touched in modern history. (2) That graduation, though perfectly equitable in the abstract, is a terribly dangerous principle to fling down to a democratic chamber, and will tend to increase the bidding for votes by unscrupulous promises which is the one serious danger in the political situation.

. . . Nothing surprises me more than American opinion in regard to English Conservatism and the House of Lords. I

[74] Foxwell was an advocate of bimetallism.

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was present once at a dinner party when General [Francis A.] Walker and Mr. W. C. Whitney met Mr. Balfour for the first time. Both expressed the highest possible appreciation of his character to me, and one remarked, "And this is 'bloody Balfour'", in a tone which seemed to imply that he had really believed the vulgar Irish abuse, and expected to meet some brutal, truculent, high-handed noble of the ancient regime.

The fact is that our political issues are so different that it is hard for either nation to understand the other. But speaking roughly the character of the two parties is not unfairly expressed by saying that Liberalism means revolutionary sentiment, and Conservatism cautious and businesslike reform. Thus the great social measures were almost all carried by Conservatives, although the Liberals were longer in office.

Harcourt's budget is an exception. But I think it will require considerable amendment, and of course was only a half measure, and unfair as it stood.

Moreover everyone says that it was not really Harcourt's except insofar as that he had the sense to adopt it. Harcourt, though a very brilliant man, and one of the best Parliamentarians of the century (a far better leader than Gladstone, but not such a gifted humbug) knows very little of either finance or economics—not as much as Goschen's little finger. It is believed that the budget was the work of the department, and especially of Sir Alfred Milner, Toynbee's pupil, and Goschen's old private secretary, who is now chief of the Inland Revenue Department. Still you will say (and fairly enough) why did not Goschen introduce these reforms? Because Goschen, though extremely able, is singularly wanting in courage, and from long associations, far too deferential to City opinion.

If Goschen's moral courage had been equal to his intellectual qualities he would not now be slipping into second rank. It is in this respect that Balfour and Chamberlain and Asquith are so distinctly the stronger and better men.

May 23, 1898.

. . . . .

The fact is that there is in England a profound disbelief in

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intellect, with which I have a great deal of sympathy; but the consequence is that we are all wretchedly paid, and no one cares a straw about us: least of all our banking and commercial magnates, whose contempt I for one most cordially reciprocate. . . .

December 16, 1908.

. . . . . .

. . . Pierpont Morgan is causing bitter feeling in Europe: and is furnishing the socialists with a most effective argument that appeals to all classes, rich or poor. His long purse threatens to be a worse scourge to Europe than Napoleon's sword.

What with this raid on our artistic and literary treasures, and the occasional financial squeezers, I am forced to the conclusion that the power of exceptional financial fortunes is the greatest danger of the age. The industrial and trading combines are comparatively quite innocuous. . . .

June 23, 1909.

. . . We are now threatened with the worst and crudest budget of modern times—worthy of the shallow and rhetorical Henry George, whom our Chancellor, his namesake, Lloyd George, much resembles.

The only wonder is that it has been so long deferred. It is the natural result of Ricardo's teachings. It was Ricardo who degraded political economy into part of the electoral machinery of Radical governments: the character seems indelibly stamped on popular English political economy now.

No wonder Napoleon said the new economists would pulverize the most powerful empire.

Englishmen more than ever envy you the extraordinarily conservative character of your constitution. Democracy seems to have hardly any hold on American politics. . . .

July 7, 1917.

. . . . . .

As to Excess Profits, I think this tax can hardly be too high, *so long as a sufficient stimulus to further efficiency is left.* It

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has been paid here with wonderful absence of friction. The main difficulty has been in the case of half developed enterprises, like new rubber plantations. Here the tax has been, and still is, unjust.

The difficulty about leaving profits available for new construction is a very real one. In your country people are always ready to devote large sums out of profits for this purpose. Here, as a rule, for various reasons, they are not. Nowhere will new construction be more required than in shipping. Yet, as Mr. Bonar Law showed the other day, companies which have made enormous profits out of insurance claims on lost ships insured at 5 to 10 times their cost, have actually divided these profits as a bonus to shareholders.

We, at any rate, have no guarantee that profits, even if exceptional, will be set aside for new plant. I presume it would be difficult to prove such a capitalisation of profit, for administrative purposes.

I should have thought profits had been so exceptional with you in 1915 and 1916 that a longer base, say 1913-16, would be desirable. I have for years urged a heavy tax on advertising, especially on displayed advertisements. I believe the bulk of our advertisements is a pestilent fraud, which does much to prevent the survival of the fittest. I have some evidence on this point. Most of it is mere vulgar, damnable iteration. That it should impose on the public as it does, is a clear mark of the low state of public intelligence. This is one of many respects in which we are below the level of the much maligned dark ages. But our government is afraid to do justice here. A lot of clap trap about "restraint of trade" would be heard from interested parties.

I was taught as a boy never to buy anything that was advertised. I have broadly stuck to this rule, and have never had to regret it. Most of our best people never, or very rarely, advertise.

. . . The war is proving a tougher struggle than I for one had expected, but of course the result is beyond all question. We are very glad to have you with us, especially on moral and political grounds. The loss of so much of our best blood is

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disastrous: but notwithstanding this, I believe the war will have the effect of bringing about a complete transformation and elevation of our social and economic state. So may it be.

Maffeo Pantaleoni[75]

August 23, 1898.

. . . I have here the benefit of being listened to by lots of ladies, or girls. They are mostly Russian, Polish and Bulgarian students. All of them are socialists when they come and remain socialists when they go off. If you have ladies as students I suppose you will have experienced what I have experienced, viz., that you can't convince a girl who has an opinion of her own, even by mathematics. . . . I suppose I am better off here than in Italy, as I would most likely be sitting in prison now if I had stayed longer. But I feel as if I had not done my duty by going off. I am not sure the world our children will have to live in will be better than the one we have nearly got through. . . . People may either be fanatic catholics or fanatic socialists. Where catholicism is not the religion some other one takes its place. It is a great wave of religious feeling which is pervading nations. I consider socialism based on a religious sentiment. It is a feeling, an emotion. Of course, all dissidents are crushed and Jews are chased, protestants are chased, catholics are chased, socialists are chased, liberals are chased, accordingly as the one or the others are in power. Only liberals are never in power! Their time is over, till this abominable wave will have had its course and people felt the misery of intolerance again. Even

[75] Pantaleoni (1857-1924) was the leader in Italy in introducing neo-classical economics and gave it that distinctly mathematical form that made Italian economists so preëminent. Vilfredo Pareto was largely influenced by Pantaleoni to become an economist. Pantaleoni is best known to the English-speaking world by the translation of his *Principii di economia pura* (Florence, 1889, translated by T. B. Bruce, London, 1898). The letters were written while he was in exile for having criticized the government policy in the African war. He returned in 1900 to a professorship at the University of Padua and in 1902 became professor of economics at the University of Rome. He was one of the first members of the Fascist party. See P. Sraffa and A. Loria, obituary notes on Pantaleoni in *Economic Journal*, Dec. 1924, pp. 648-654.

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in Switzerland intolerance is quite incredibly strong. Only England is as yet a liberal society. Having had occasion to think over the argument, I have concocted a theory of the limits of political liberty. It is a most dismal theory. But truth is truth, whatever it looks like.

You have licked the Spaniards and right it was. A more intolerant nation never existed. A more bloodthirsty nation never was called civilized. I am however very much afraid that your army, after having licked the Spaniards will now lick you. Armies generally act that way. When they are once set going, they wont stop, at the right moment and there is no way of making them stop except by another army. And there is a new devil! Political problems are like squaring the circle.

In Italy we now have officers everywhere. A general is president of the council. Three generals are ambassadors and there is place for more of them. Colonels are judges and captains their cooperators. Railways are militarized. I wonder officers are not taken as professors of political economy. . . .

I suppose we'll get somehow out of this situation. We may perhaps stick in the mess a long time. But as a rule, a mess gets itself into disorder and any fortuitous shock upsets it. And the world looks like a place for a lot of fortuitous shocks still to come.

. . . . .

Aug. 1, 1900.

. . . . .

The death of my poor friend Mazzola has left Pavia vacant and I have some interests at Milan, now that the radical party has got the municipality into its hands. (Pavia . . . is so close to Milan . . . that most professors of Pavia reside at Milan.)

. . . . .

. . . I am working at a plan of pooling Italian emigrants together, getting differential rates from transporting companies, pooling the economies [savings] of the emigrants, (250 million lire every year sent home and robbed by padroni) and

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putting up emigrant hotels and kitchens in the principal stations of departure and arrival. . . . As there is lots of money in the plan, besides the advantages to the emigrants, I want to get Americans into the company. . . .

I consider the [Boer] war a great *fortune* for England. England must expect in the new century much harder contests, with Germany, or Russia or France, and it was high time she should be awakened to the danger of having no modern army. She learns this in a small war, which will only cost much money and will be fully ready the day some other power will menace her interests. It will also clear her superior governmental spheres of all sorts of humbugs and Crispi-like people. Her strategy has been all wrong because imposed upon generals by London courtiers . . . and I think it is (a good) fortune for Europe if England is powerful as it is the only liberal country. . . .

I only think the Philippine affair a bad bit of business. It will never pay and keeps up jingoism, which is contrary to free institutions.

. . . Italy . . . has not yet worked itself out of the hands [of the] demoralized politicians who are stealing wherever they can. . . . The only honest people are the socialists! . . . All the youth of the universities are going over into their camp, disgusted by the political system which is ruling.

. . . I have not found time to go to the very root of the problem of repercussion of taxation. I see that three forces are in equilibrium: (a) the quantity of revenue you consume for enjoyment; (b) the quantity of revenue you spare, or put aside or capitalize; (c) the cost of producing the total revenue you receive or produce. The marginal utilities of consumed revenues must stand to its marginal cost in the same ratio as the marginal utilities of spared or capitalized revenue to its marginal cost, and the marginal disutility of your labour must be equal to the marginal utility of the enjoyment it gives you. Now any tax whatever . . . must, wherever you may put it at first, determine a new equilibrium, in which are changed (a) the quantity you consume, (b) the quantity you economize, (c) the total revenue you produce and (d) the work you do

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for having it. Exceptional cases are where the modification of (a) is zero or minus, or the modification of (d) is zero or minus. These cases can be treated as extreme cases of the general theories concerning a modification in all three directions.

. . . . .

February 11, 1918.

. . . I expect the Germans to get thoroughly smashed when the Americans will have had time to pitch in. Till then we will keep them at bay.

What a singular and unexpected transformation of German mentality in comparison to what we knew them to be, or what they appeared to us to be 25 or 30 years ago. Either our . . . [catholicity], which was general, or their psychologic transformation, is a problem which is not yet satisfactorily cleared up. Why did they appear to us different from what they have turned out to be? Did we not see? Why then? Have they changed; so that we saw them correctly as they were then, and see them correctly as they are now? What has changed them?

The fact, at present, is, at any rate, this: either they will kill us all, or we have to change their mentality by proper thumping.

The war must go on, usque ad finem. Nothing could be worse than a premature peace, a German peace. . . .

Vilfredo Pareto[76]

January 5, 1896.

. . . Fundamentally, every government tries to tax as much as it can. This has no other limits than the resistance of the taxpayers. I doubt very much that a rational system of taxa-

[76] Pareto (1848-1923), professor of political economy at Lausanne, was the outstanding Italian economist. Recent developments in the main tradition in economics follow the lines laid down by Pareto in his *Manuale d'economia politica* (Milan, 1906). Originally a stanch supporter of nineteenth-century laissez faire, he came in later years to support fascism, and his *Trattato di sociologica generale* runs in the authoritarian tradition of August Comte. See Maffeo Pantaleoni, "Vifredo Pareto", *Economic Journal*, Sept. 1923, pp. 583-590.

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tion exists. Taxes grow according to the line of least resistance. This line varies in different countries. The best system of taxation is simply that of reducing them. The bulk of the proceeds of taxes are squandered, lost, destroyed. For my part, I believe that the question of the total quantity of the tax is in general more important than that of the quality of the taxes. . . .

March 1, 1896.

. . . As for taxes, I admit that in the United States, you are better off than in Italy because you are richer! But as for malversations, I believe that this would be practically the same everywhere. For military pensions in the United States, you spend almost as much as France does for her war budget! Do you not think that this money would be better in the pockets of the taxpayers?

And the McKinley Bill, how much has it cost you? And how much have the owners of the silver mines taken from your fellow citizens? I believe that in the United States you squander at least 2 milliards. I therefore conclude from this that the question of taxes is rather a question of quantity than quality. The governments in order to pay for their madnesses and in order to grease the paws of the politicians, subject the countries up to the limit that the resistance of the taxpayers prevents them from passing. . . .

Eugen von Philippovich[77]

Nov. 11, 1911.

. . . There is no economist in Austria or Hungary who would be inclined to play a role in the [international] peace movement and there is none who would not state that the economic burden we have to bear on account of [the] army

[77] Eugen Philippovich von Philippsberg (1858-1917) was professor at the University of Vienna and a member of the upper house of the Austrian parliament. His *Grundriss der politischen Ökonomie* was in his day the leading German textbook acceptable to followers of both contending schools—the German historical school and the Austrian marginal utility school. See Ludwig Mises in *Neue österreichische Biographie* (Vienna, 1926), vol. 3, pp. 53-62.

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and navy is the strongest obstacle in the way of economic progress. There prevails a great scepticism and just in our days of new mercantilism we do not think it possible to throw a bridge over the deeper contrasts between nations and states. As far as concrete questions of minor importance are concerned all our economists will speak in favor of conciliation and arbitration. But a real peace movement will not find a remarkable number of followers. . . .[78]

Knut Wicksell[79]

November 22, 1910.

. . . You are very kind in mentioning my small contributions. . . . I think I will try to get my Swedish University lectures translated into German, they contain some new arrangements of the old stuff and perhaps even some new ideas.[80] I am just preparing a second edition of a part of them (in Swedish). But the oral teaching and the examinations take much time with us and I am not a particularly strong worker.

I am just going to read some of your books which I have not read yet (I am no strong reader either). . . .

I should like very much indeed to visit America. I suppose for an economist there is really more to learn there than almost anywhere else. If it would be possible for me perhaps I might be permitted to try to lecture before some university audiences on the subjects which have most occupied me (the theory of capital, of money and, in late years, of crises). I

[78] Professor Seligman wrote Professor J. B. Clark on May 24, 1911: "I have had some interesting and characteristic letters from some of the Germans and Austrians who are rather standoffish about the whole matter."

[79] Wicksell (1851-1926), the Swedish economist, was especially notable for refinements of money and credit theory along the lines of neo-classical economics. Few have been as influential as Wicksell on the current literature of business cycles. For an account of Wicksell, see Bertil Ohlin, "Knut Wicksell, 1851-1926", *Economic Journal*, Sept. 1926, pp. 503-512.

[80] *Föreläsningar i nationalekonomi* (2 vols. Lund, 1901-1906); translated into German by M. Langfeldt as *Vorlesungen über Nationalökonomie* (2 vols. Jena, 1913-1922); translated into English by E. Classen as *Lectures on Political Economy* (2 vols. London, 1934).

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speak English somewhat better than I write it having visited England several times and once stayed there for about a year. . . .

ADDENDUM

Seligman to Roswell C. McCrea [81]

Dec. 23, 1911.

When you come to write that review of Taussig's book [*The Principles of Economics*], I wonder whether you will find it wise to refer to the inconsistency which struck me between his acceptance of the doctrine of specific productivity [82] as applied to capital and his refusal to accept it in the case of labor, even though it is far easier to disentangle the specific product in the case of labor than it is in the case of capital? It seems to me that that vitiates his entire treatment. . . .*

JOSEPH DORFMAN

[81] This letter was recently supplied by R. C. McCrea, formerly Dean of the School of Business of Columbia University, and at present Hepburn Professor Emeritus of Economics.

[82] The doctrine of "specific productivity" as presented by its formulator, Professor J. B. Clark, held that industry "is now organized on a plan that tends to give to each class of producers the wealth that that class brings into existence." From the original Clark manuscript of his introduction to the Japanese edition of *The Philosophy of Wealth.*

* The editor of this correspondence is anxious to secure additional letters written by Professor Seligman, for it is hoped that the series here printed may be expanded into a volume. All letters in the original will be promptly returned.—ED.

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THE LIFE OF GENERAL HORATIO GATES

THE author of this biography of General Gates [1] is a professor of education at Hunter College. He tells us in his preface that he has lectured for many years on the Founding Fathers and that for ten years he has been studying the voluminous record in the Gates Papers in the library of the New-York Historical Society "and wheresoever it might lead, here and abroad". He has collected and presented interesting and important material on Gates, of whom we have had no adequate biography, and he has contributed to better understanding of some incidents and episodes in the General's career, notably in what he has to say on the Washington-Gates issue and the "Conway Cabal". Readers may be misled, however, by another statement that he makes in his preface: "I have searched out the facts and weighed them impartially, interpreting them with even-balanced justice". Even a well-known historian has gone so far as to pronounce this book "thorough and scholarly, critical and intelligent, judicious and perspicacious, felicitous in style and sympathetic in interpretation".

In style the biography is markedly uneven. Professor Patterson can write creditably, and sometimes he does so. For example, his description of Gates's care for his troops and enlightened treatment of prisoners is distinctly good. Throughout, however, a striving for effect is in evidence more or less. Part One, which is entitled "The King's Business, 1727-75", is a veritable literary Easter parade. Few of the sentences have forgotten to dress for the occasion. Thus when the author wishes to tell us that Gates was soon to leave Bristol, that simple statement appears in the following classy outfit: "The death in life of Horatio Gates's days on the Severn was nearing the zero hour" (p. 33). Franklin's spirit of self-reliance is garbed in this ornate attire: "The guileful sage of Philadelphia believed with Cassius that the fault is not in men's stars, but in themselves, that they are underlings" (p. 34). And everywhere instances of "fine writing" abound. Consider, for example, this mode of expressing the opinion that General St. Clair's retreat after the fall of Ticonderoga was not so discreditable after all: "One may not call it a masterly retreat, and poets have ignored it. Nevertheless, it chal-

[1] *Horatio Gates: Defender of American Liberties*, by Samuel White Patterson. New York, Columbia University Press, 1941. xiv, 466 pp. $4.25.

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lenges too damning a comment and merits comparisons with better known exploits of the war" (p. 138).

It is much to be regretted that adverse comment on Professor Patterson's book cannot candidly be confined to matters of style. Grave defects in historianship must be noted.

For one thing, the author's references to the manuscript collections which he has used are as a rule so indefinite as to be practically useless for the student. How is one to find a document in which he may be interested when the citation is no more specific than "Gates Papers", "Schuyler Papers", and the like? It would require a vast expenditure of time to examine even a few such references. Perhaps it was a similar inclination toward the indefinite that caused the author to leave many events which he mentions undated, frequently to the chronological confusion of the reader.

Much more serious is Professor Patterson's habit of embroidering upon his evidence and making statements for which his sources give no warrant in order to create atmosphere and build up impressions in the reader's mind. Here the critical reader is put on guard at the very outset. The opening sentences of the book run as follows: "One cold, raw day in February, 1778, Horace Walpole sat in the spacious library of his Gothic castle, which rambled over Strawberry Hill on the Thames. The literary fop and amateur statesman was musing upon the strange antics of destiny. He read and re-read a letter, which his brother had received, concerning the historic events overseas at Saratoga in the preceding autumn." How does our author know that the day in question was cold and raw, that Walpole was in his library when he read the letter, that he re-read it, or that he mused upon the strange antics of destiny? The only authority cited is an entry in Horace Walpole's *Journal of the Reign of King George the Third*, and this throws no light on any of these points. These particular matters, it may be said, are of no importance. It is not these, however, that are in question, but the author's disposition to enlarge upon his evidence without making it clear that he is doing so. Take another instance of this. Professor Patterson is anxious to make it appear that Gates in his espousal of the American cause was actuated by idealistic considerations; we are given to understand that he was profoundly influenced by the radical views of Whig leaders in New York with whom he had some contact twenty years before the outbreak of the War of Independence, and that he became increasingly disillusioned by conditions in England. On the strength, apparently, of a letter to Gates, when he was living in Bristol in 1766, in which a friend wrote, "I heard last year that you . . . had

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given up Politicks and was turn'd Methodist", we are offered this highly ornamented gloss, which contributes to the author's build-up of a Gates moving ideologically toward Americanism: "Major Gates . . . had seen a light. Whig and Methodist, Methodist and Whig, what did it matter? They were not worlds apart but kindred in aim. The one glimpsed release here and now; the other, through all eternity; in both, the same spirit prevailed in essence" (p. 32). After this it comes with something of a shock to read, and on the very same page: "There was a vacant lieutenant colonelcy in a home guard detachment, which Gates had his eye on."

An amazing bit of historical legerdemain is the author's attempt, by way of suggestion, to give Gates an aristocratic ancestry without any authority whatever therefor. It is true that he quotes Horace Walpole's statement that Gates was "the son of a housekeeper of the second Duke of Leeds", which does not sound particularly aristocratic, and he admits that his father may have been a butler (pp. 3, 5). But he speaks of a "Thomas Gate of Essex" in Chaucer's time; of a "Sir Geffrey Gate", who was "lord of the manors of Dengie and Bradwell" in the latter half of the fifteenth century, and whose daughter "married Sir Thomas Joscelyn and allied her house with the blood of the Black Prince and the third Edward"; of "Sir John Gate, Sir Geffrey's grandson", who, at the time of the dissolution of the monasteries, "received Beeleigh Abbey as his portion" (pp. 3-4). This Sir John, we are told, "was a doughty knight who never hid his light under a bushel". After this comes an extraordinary addendum: "Whether character traits are inheritable or no, this trait in some way survived through the generations to Horatio Gates" (p. 4). Yet no shred of evidence is given to show that Horatio Gates was a descendant of Sir John Gate or even that the two were members of the same family!

Less censurable than so heinous a historical offence as this, yet far from commendable, is the way in which the author uses imagination and conjecture to serve his purposes. Speaking of a visit that Gates made to Mount Vernon in May 1775, during which he met Richard Henry Lee, Professor Patterson, after admitting that he does not know what subjects were discussed, makes this remark: "The imagination must be dull indeed if it cannot chart the drift of this meeting of sincere minds upon the issues of that fateful springtime" (p. 44). Imagination has its place, no doubt, in historianship, and no reader of this book would accuse the author of a lack of imagination. But the historian owes it to his readers to place a restraint upon his imagination, to refrain from building castles, or other things, in the

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air, and this Professor Patterson often fails to do. Some time in the spring of 1777 Gates wrote to Washington about a need for tents in the northern army. Washington's reply indicated that his army, also, needed tents. Continuing, our author writes: "Relenting a little, possibly with a malicious though pardonable smile, Washington promised to inquire what Gates's friend, Quartermaster General Mifflin, might have in the way of surplus tents. If Washington enjoyed the gibe at his first and favorite adjutant general's expense, and at Tom Mifflin's, too, *in absentia*, he was welcome to it, for not very long afterwards a thousand tents were speeding northward to Ticonderoga from Mifflin's none-too-ample store" (p. 124). This is an example of unrestrained and intemperate imagination. The suggestion that Washington found malicious satisfaction in the discomfiture of the northern army may be left to speak for itself. The author's addiction to disparagement by conjecture goes to strange lengths. Even the Baroness von Riedesel, who had little to do with the life of General Gates, does not escape: "Burgoyne, whose wife had died the year before, took his commissary's wife as his mistress. They drank their champagne together half the night. This much and more the Baroness von Riedesel tells us, with a maliciously feminine poke, improved, it may be, by a pout of jealousy" (p. 135). Professor Patterson remarks somewhere that "ifs" are not history. He should have taken care to remind his readers of this when indulging in "ifs", "perhapses", and "maybes" at the expense of those whom he seeks to depreciate—or better still, he should have dispensed with them altogether.

The author's penchant for conjecturing has led him into a tangle of inconsistency. In a letter of Washington's to John Jay the General wrote: "I discovered very early in the war symptoms of coldness & constraint in General Gates's behavior to me" (p. 56). According to Professor Patterson, who is evidently satisfied that he knows Gates better than Washington did, the coldness and constraint were "more illusory than real; real at all only to Washington's social timidity, which led to a misreading of Horatio Gates's true nature" (p. 56). Presently he refers to another statement of Washington's, "I have been told so many things which have never come to pass, that I distrust every thing", and this inspires the following burst of conjecture (p. 59): "Was it his adjutant general who told Washington 'so many things' that had never come to pass? One wonders. Did Gates ever learn of these critical words? It is not impossible that here may lie hidden one early reason why Horatio Gates showed himself growingly cold and constrained toward his great chief.

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Gentleman that he was, loyal alike to the Cause and to its leader, he held his peace and kept the secret to himself." It will be noted that the coldness and constraint on Gates's part toward Washington, which were "more illusory than real" on page 56, have become real on page 59; nor will it escape the attentive reader that the author, after asking whether Gates ever learned of Washington's remark about the things he had been told which had never come to pass, then blandly assumes, without any evidence, that he did, and represents him as keeping the secret to himself! When one undertakes to write history, he ought not to give us such stuff as dreams are made of.

Many other inconsistencies mar these pages. For example, Benedict Arnold, characterized on page 79 as a "son of thunder", who had "brazenly invited himself to command the fleet [on Lake Champlain]", who imagined, with his "super-ego", that running the trade winds in the West Indies had qualified him "to head America's flotilla against an experienced leadership selected from the greatest navy afloat" — this man, on page 97, becomes a dauntless leader, "never so great as in the heat of battle. . . . For sheer intrepidity Benedict Arnold had few equals among the general officers of the Revolution. In resourcefulness under fire he had no superior, perhaps no peer." Again, one may well wonder what Professor Patterson really thinks of the Continental Congress. In one place we read (p. 49): "For sheer brilliancy and character, they [the members of Congress] have had as a body few if any peers." This, surely, is high praise, yet elsewhere, when a proposal made by Gates failed to bear fruit, the author writes: "It sometimes appeared that anything suggestive of constructive activity beyond the narrowest margin of duty was as unwelcome in Philadelphia [i.e., to Congress] as it was in Morristown [i.e., at Washington's headquarters]" (p. 117).

In view of what Professor Patterson himself tells us, the career of Gates does not offer very hopeful prospects for idealistic interpretation. As a British officer in America during the Seven Years' War Gates eagerly sought military promotion, which he failed to obtain, and toward the end of the war he "determined to take his family back to England, to the source whence the milk and honey of advancement surely flowed" (p. 24). Then for ten years or so Major Gates and his family lived in various places in England and Wales, the Major busying himself with efforts to secure back pay due him, dabbling in the stock market, investing in Virginia quitrents, and going in for large-scale dissipation at Bath. He finally decided to emigrate to America with a view to making his permanent home there, which he did in 1772. There was certainly nothing discredit-

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able in this, but there is no good reason to believe that there was anything idealistic about it, either. Like most of those who left the Old World for the New, he went to better his fortunes. Professor Patterson himself says as much: "It was vain, Elizabeth [Mrs. Gates] bravely reflected, to expect anything more in England. In less than three weeks they were planning to leave, in the hope of doing better with their small pittance in 'a distant part of the world'. . . . It is quite clear that he [Gates] intended to settle down to plantation life, bury himself in tobacco-raising, and let the mad world finish the spiral of its downward plunge without benefit of Horatio Gates" (p. 38). There is no good evidence, at least the author gives none, to show that Gates had for years been "absorbing democratic doctrine" (p. 16) and moving "farther and farther from the sick old Tory England he had been serving, until in due season he found his place in the freer air of the New World" (pp. 34-35).

Gates undoubtedly rendered important military services to the American cause. As adjutant general he had much to do with organizing the continental army at Cambridge in 1775. Later, in other capacities, he showed energy and ability. He was in command of the northern army at Saratoga, and, though this has been a subject of contention among historians, he is probably entitled to much of the credit for the American victory. He does not deserve all the censure he has received for the American rout at Camden. But he does not fit comfortably into the rôle of a disinterested patriot bent only on serving the cause of his adopted country. On the author's own showing we cannot accept such a flourish as this: "Single-minded devotion was . . . the outstanding characteristic of his services; disinterestedness, the mainspring of his ambition" (pp. 49-50). The historical statements in the following paragraph are based entirely on matter found in chapters v and vi.

General Gates, having served for several months on the northern front in uneasy association with General Schuyler, rejoined the main army under Washington in December 1776. The state of his health was such that he asked Washington to relieve him from active duty so that he might visit Philadelphia, presumably to consult physicians there. Washington "had no objection to the general's going to Philadelphia for his health", and the permission was granted. The author himself seems to have some doubt as to the seriousness of Gates's illness: "Of course, he was not so ill as to remain in bed, though his strength had been wasted during the summer and autumn just past, his nerves frayed and his spirit all but crushed". There are reasons for suspecting that Gates's indisposition was political

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rather than physical. At any rate, it does not appear from anything Professor Patterson tells us that Gates was interested in medical aid in Philadelphia. On the contrary, Congress seems to have been his destination. "General Gates reached Philadelphia, but left almost immediately for Baltimore, whither Congress had adjourned temporarily. He believed that he deserved the full and unhampered command of the Northern Army and intended to have it, in the way that aspirants follow in an imperfect world." In March 1777, Gates was induced to resume his earlier office of adjutant general of the main continental army, then at Morristown, but the post proved little to his liking, mainly because he found close association with Washington irksome. Presently he asked for and was given leave to go to Philadelphia, this time avowedly to consult with Congressional leaders. "He was frankly anxious about his own future. A field command, he rationalized, was preferable to a desk post." Circumstances "helped Gates's ambition", for Congress, incensed by certain remarks in a letter from Schuyler, directed Gates to take command at Ticonderoga. Subsequently, however, Congress decided in favor of Schuyler as commander in the north, whereupon Gates found another visit to Philadelphia expedient. This time he addressed Congress, with the result that he was forced to retire, and a resolution was passed to the effect that he should not again be given the privilege of the floor. Finally, in August 1777, Gates, by action of Congress, superseded Schuyler in command of the northern army. The author takes Gates's "detractors" to task "for repeating the slur that Schuyler lost the Northern Command through 'a goose-quill' general's political maneuvering". "Goose-quill" could perhaps be improved upon, but there really does seem to have been some basis for the "political maneuvering".

A biographer of General Gates cannot avoid saying a good deal about General Schuyler. The unfortunate Gates-Schuyler controversy bulked large in the annals of the Revolutionary War. Each man had his partisans in Congress and in the country. There was, as Professor Patterson tells us, a Gates cabal and a Schuyler cabal. The unhappy dispute may perhaps best be viewed as an incident in that Yankee-Yorker antagonism which so long bedeviled the course of American history. It ought not, however, to be too difficult, especially after this lapse of time, to be just to Gates without being unfair to Schuyler, but Professor Patterson has made no attempt to be fair to him. It is true that he professes a contemptuous kind of sympathy for Schuyler, whom he regards as a neurotic, suffering from a persecution complex (pp. 83-84), and pays him the compli-

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ment (?) of saying that he did not possess "Washington's subtle cruelty of studied tact" (p. 123). But these are hardly expressions of praise, and when he purports to present facts, the impression conveyed is distinctly unfavorable to the "Lord of Albany". "Schuyler", our author informs us, "admitted he had been away from 'Ty—' [Ticonderoga] since the middle of June" (p. 406). What about it, the judicious reader will naturally ask. Why was he away? But Professor Patterson, like jesting Pilate, does not stay for an answer. The bare statement that he makes, without comment or explanation, is calculated to put Schuyler in a very bad light. Professor Patterson fails to tell us that a committee of Congress made a full inquiry into the reasons for the American evacuation of Ticonderoga in July 1777, that the evidence which it collected was transmitted to Washington, who was directed by Congress to appoint a military court for the trial of the general officers in the Northern Department when Ticonderoga was evacuated, that General Schuyler was tried by the court on the charge of neglect of duty in not being present at Ticonderoga after the middle of June, and that the court, consisting of thirteen officers, unanimously found him not guilty of neglect of duty in being absent from Ticonderoga and acquitted him with the highest honor. Amazing as it may seem, the author makes no mention of this public vindication of Schuyler. From his anything but clear account of the military campaign that finally resulted in Burgoyne's surrender (pp. 135 *et seq.*) the reader would not gather that Schuyler did anything at all except fail to get along with New Englanders, retreat, incur censure, and supply pathological psychologists with material for study. The sole credit for delaying Burgoyne's advance is given to Colonel Long, and nothing is said to indicate that Schuyler had anything to do with stopping St. Leger's thrust down the Mohawk. We have seen that Professor Patterson embroiders upon evidence. Is he suppressing evidence here, or is he ignorant of the Schuyler trial?

An adequate biography of General Gates would be a major contribution to the literature of American history, but it could be written only by a scholar of sound historical training, conscious of the historian's responsibilities and conscientious in fulfilling them. For the writing of such a biography Professor Patterson unfortunately lacked the essential qualifications. His book does serve, however, to emphasize the need for what he was unable to give us.

ROBERT LIVINGSTON SCHUYLER

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STUDIES IN CONSUMER INSTALMENT FINANCING

As a part of its general program of research in finance the National Bureau of Economic Research has been sponsoring a series of studies in the field of consumer instalment financing.[1] This field has been defined to include retail instalment credit and personal instalment loans, but real estate mortgage instalment credit has been excluded. The work has been under the general supervision of Dr. Ralph A. Young, who is Director of the Bureau's Financial Research Program. The series has maintained a consistently high standard of careful and intelligent workmanship, and readability has been aided by an excellent summary at the beginning of each volume.

Consumer instalment credit is far from being a new phenomenon, yet there are two reasons why this series is particularly timely. In the first place, consumer credit has been growing in importance rapidly in the past decade. At the end of 1940 instalment outstandings were higher than the peak reached in 1929 by about 60 per cent. Secondly, the defense program with its enormous requirements for raw materials, labor, and plant facilities has been curtailing the supply of civilian goods and presenting the problem of how civilian demand, stimulated by increasing national income, can be cut down to meet the curtailed supply. As one relatively minor step in the

[1] The following titles were published by the National Bureau of Economic Research, New York City:

The Volume of Consumer Instalment Credit, 1929-38, by Duncan McC. Holthausen in collaboration with Malcolm L. Merriam and Rolf Nugent. 1940. xix, 137 pp. $1.50.

The Pattern of Consumer Debt, 1935-36, by Blanche Bernstein. 1940. xviii, 238 pp. $2.50.

Risk Elements in Consumer Instalment Financing, by David Durand. 1941. xx, 163 pp. $2.00.

Personal Finance Companies and Their Credit Practices, by Ralph A. Young and Associates. 1940. xix, 170 pp. $2.00.

Industrial Banking Companies and Their Credit Practices, by Raymond J. Saulnier. 1940. xxi, 192 pp. $2.00.

Commercial Banks and Consumer Instalment Credit, by John M. Chapman and Associates. 1940. xxiv, 318 pp. $3.00.

Sales Finance Companies and Their Credit Practices, by Wilbur C. Plummer and Ralph A. Young. 1940. xxiii, 298 pp. $3.00.

Government Agencies of Consumer Instalment Credit, by J. D. Coppock. 1940. xxii, 216 pp. $2.50.

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program to solve this problem, the Board of Governors of the Federal Reserve System under authority of an Executive Order of the President is at present engaged in regulating the extension of instalment credits. The Board has made much use of the Bureau's studies in formulating its plans for these regulations.

The studies have fallen into three main classifications. One class deals with statistical and technical problems related to consumer instalment financing as a whole; a second class deals with the various types of institutions which extend instalment credit; and a third class deals with general economic problems. At this writing, none of the studies in the last class has been published.

Statistical and Technical Studies

The Volume of Consumer Instalment Credit, 1929-38 is a presentation of statistics on the volume of credit extended, repaid and outstanding. It gives monthly estimates not only of the volume of receivables currently outstanding but also of the volume of new credit granted, a series which fluctuates more widely than outstandings, and is sometimes of somewhat greater significance. Separate statistics are given for the various categories of consumer credit agencies. The Bureau of Foreign and Domestic Commerce of the Department of Commerce is at present continuing and perfecting the series covered by this study as well as developing additional series.

The Pattern of Consumer Debt, 1935-36 is an analysis of data tabulated from the expenditure schedules of 60,000 families. It analyzes retail instalment debt, cash loan debt, and charge account debt on the basis of the borrower's income class, his occupational group, the family size, the type of commodity purchased, the type of community in which he lives and its regional location. One of the most significant conclusions of this study is that consumer credit caused the distribution of purchasing power to differ from the distribution of income alone only to a negligible degree during the period under discussion.

Risk Elements in Consumer Instalment Financing is an examination of the factors that affect risk in the consumer credit field. Reports on about 7,200 loans are examined by the use of highly refined statistical methods. Stability of employment and residence, the possession of a bank account, ownership of real estate, insurance, and, in the case of sales finance, a relatively large down payment stand out as the most important characteristics of a good credit risk.

Several additional technical studies are in preparation.

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Institutional Studies

Five of the studies present investigations of the character of the agencies that extend consumer instalment credit. These follow a similar pattern covering such matters as scope, legal status, market for credit, operating methods, credit experience, charges, financial structure and operations, and competitive position. The treatment is in the main factual, economic and social aspects being left for other studies.

In the first volume of the series—on personal finance companies—Dr. Young treats objectively a subject about which much has been written in criticism and in justification. Licensed lending of small sums, usually restricted in amount to no more than $300, at comparatively high rates of interest, has experienced a steady growth but has become relatively less important in the consumer financing field by reason of the development of other credit agencies and methods. A highly regulated business, yet highly competitive and sometimes predatory, it has provided a source of funds for many who have no alternative other than the loan shark.

Dr. Saulnier's study of industrial banking companies (which classification includes "Morris Plan" banks) throws light on the hybrid character of these institutions. Intermediate between the small loan company and the commercial bank, its average loan is small, although somewhat larger than that of the small loan company. Like the commercial bank it obtains its funds mainly from deposits or the issuance of investment certificates. Its recent history has been characterized by expansion in commercial banking activities.

The commercial bank is the most recent entry into the consumer financing business but it has assumed a position of much importance. The expansion of commercial banks has been in two directions. They are engaging in the making of small loans, although, as in the case of the industrial banks, the average loan is larger than the average loan of the small loan companies. They are also invading the sales finance field and discounting retail paper originated by dealers. Dr. Chapman has brought together a great deal of information, pursuing successfully an investigation which was difficult because the activities of the banks have been of such recent development. He would probably be the first to agree, however, that much more work in this field must be done before the details of the picture can be seen clearly.

The study of sales finance companies by Doctors Plummer and Young reveals the close association between this business and the

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automobile business. Although these companies discount some paper originating in the sale of durable goods other than automobiles, and finance various kinds of business activities in a small way, automobile paper accounts for nearly 80 per cent of their holdings. The information collected by the authors on the automobile finance business is comprehensive. Less complete are the data on diversified finance (the discount of paper for other goods), but it should be recognized that this field is so new that practices have not become standardized, and the companies themselves have very little available in the form of statistical material.

Mr. Coppock's volume on government agencies of consumer instalment credit relates to the activities of the Federal Housing Administration under Title I of the National Housing Act and the activities of the Electric Home and Farm Authority. The FHA insures loans for the improvement and modernization of real estate while the EHFA discounts paper originating in the sale of electric and gas appliances. EHFA, in effect, is a "diversified" sales finance company. Information on the origination and character of the FHA paper is rather incomplete, perhaps because the investigation was confined to statistics made available by the FHA.

The studies so far conducted have covered all the institutions in the cash lending field of instalment credit except credit unions, which have experienced a very rapid growth in recent years, particularly since 1934 when Congress provided for federal chartering of credit unions. While some studies of credit unions have been made, an inquiry along the lines followed for the other volumes would be of distinct value. Furthermore, none of the series has approached the retail credit field from the viewpoint of the retailer. Some notion of the picture is obtained in the studies of the sales finance companies and the banks, since they finance most of the paper originated by automobile dealers and a large amount of the paper originated by household appliance dealers and the like. But the department store, furniture store, and mail-order business is largely untouched. These are important elements in the instalment credit picture and merit special investigation, particularly since their methods of operation have features that are not common to the other types of institutions in the field. Something further could also be done in tracing the source of the funds that are employed in consumer instalment financing.

BONNAR BROWN

WASHINGTON, D. C.

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REVIEWS

Propaganda and the American Revolution, 1763-1783. By PHILIP DAVIDSON. Chapel Hill, The University of North Carolina Press, 1941.—xvi, 460 pp. $4.00.

The present vogue of the term propaganda brings to mind the hero of Molière's *Bourgeois Gentilhomme*, who was surprised to learn that he had been talking prose all his life. Something like this has perhaps been the case with many Americans, more particularly politicians, who have been propagandists without thinking of the word as applicable to their own "educational" efforts. As Professor Davidson points out, there is nothing necessarily sinister about propaganda, which may be—and, in spite of the cynics, often is—an honest effort to convince others of what one believes to be true: a religious creed, a principle of public policy, or a scientific proposition. Broadly defined, this form of political action is obviously essential to the working of a democratic government. It is only so that convictions, first held by a few far-seeing persons, may become those of a controlling majority.

The historians of our own Revolution have not until quite recently made much use of the word propaganda, though they were not unaware of the thing itself. Richard Frothingham's *Rise of the Republic*, for instance, was largely occupied with it. Of late, however, this phase of the Revolution has been more definitely recognized and more closely examined, as in certain essays by Professor Schlesinger and in recent studies of Samuel Adams. To some persons, indeed, Adams has come to seem almost the eighteenth-century counterpart of "truthful Joe" Goebbels. Of interest in this connection is Dr. O. M. Dickerson's *Boston under Military Rule, as revealed in A Journal of the Times* (Boston, 1936), which assembles material from the contemporary press illustrating the early propaganda of the Boston radicals. Professor Davidson has now given us the first comprehensive study of the Revolutionary movement written distinctly from this point of view.

The term propaganda as used in this book covers a great variety of activities—the publication of reasoned essays in pamphlet form or

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in newspapers, politics in the pulpit, broadcasts and cartoons, the more or less conscious distortion of news, public demonstrations of various sorts—in short, the whole technique of revolutionary procedure. The author's approach to the subject is obviously influenced by current discussion of propaganda methods and so-called "war psychosis", but his work is soundly based on extensive reading of the contemporary material, which is quoted freely. Newspapers naturally bulk largely among the sources cited, but not to the exclusion of many others, including the correspondence, printed or unprinted, of the principal actors in the Revolution. The result is a work of which future historians of the period must certainly take account.

More than half the book is given to the Whig propaganda preceding the Declaration of Independence. Professor Davidson agrees with earlier writers in assigning to Samuel Adams the major rôle during this period, when he and his associates proved themselves far more effective than their conservative opponents. Then follows a much shorter section dealing with the Loyalist "counter-attack", before and during the war; the closing section describes the war-time efforts of the Whigs to maintain public morale and counteract the "peace offensives" of the British and their Tory allies. During this period Adams was comparatively inactive, while Thomas Paine and Governor Livingston of New Jersey became outstanding Whig champions in this literary warfare. On the other side, the Tory pamphleteers of the pre-war years were succeeded by James Rivington, with his "lying" *New York Gazetteer*, as the most vigorous exponent of war-time Loyalism. As the conflict proceeded, the newspapers on both sides followed the familiar pattern — minimizing enemy successes and magnifying those of their own partisans, playing up "atrocities", and indulging in vulgar abuse of their opponents.

In each of the three main divisions of the book, the various modes of approach to the public are described, and considerable space is given to analysis of Whig and Tory arguments on upper and lower levels of the debate, covering to some extent the material presented in works dealing with the political theories of the period. This arrangement of topics results at times in rather more repetition than is quite necessary. In general, the ordinary reader is likely to be impressed, perhaps unduly, with what may be called the pathology of the subject—with the devious and questionable forms of propaganda as distinguished from more straightforward and sincere state-

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ments of the case for opposition to the British king and parliament. It is hardly fair, however, to stress this point in view of the author's substantial contribution to the literature of the American Revolution. The book should also prove useful to the more general student of propaganda technique.

EVARTS B. GREENE

What Nietzsche Means. By GEORGE ALLEN MORGAN, JR. Cambridge, Harvard University Press, 1941.—xviii, 408 pp. $4.00.

In the whole history of nineteenth-century thought there is no more obvious plague spot of anger and confusion than that occupied by Nietzsche. Reviled and adored with a passion beyond the ordinary, he is a subject of as much downright misrepresentation as Berlioz and of as much general ignorance as Samuel Butler. This situation will probably continue despite Professor Morgan's book, but there will no longer be any excuse for it. *What Nietzsche Means* is the definitive exposition that any difficult philosopher would pray for and that any honest reader will thankfully accept. In a lucid prose capable of all the nuances required by its subject, Professor Morgan makes Nietzsche at once intelligible and attractive; he eases one over the hurdles and pulls one up short before the pitfalls. Yet the work is not one of pure elucidation. The author serves us as critic no less than as guide, so that Nietzsche emerges as a philosopher of great stature but with the limitations of his thought and mode of expression made thoroughly clear. No work in English, not even Figgis' interesting lectures, can stand a moment's comparison with this model of fair and subtle interpretation. It does not duplicate Andler's monumental study of influences nor does it echo Hildebrandt's various essays in appreciation: it is an original and henceforth indispensable work.

Nietzsche was of course not the apostle of brutality and unreason which some have feared, and others hoped, that he was; and Professor Morgan's work ought to help the compilers of textbooks avoid the traditional glib references to irrationalism and blonde beasts. Whether the book will convince them of Nietzsche's profundity as a critic of his own time and a prophet of ours is another question; for it is impossible to sympathize with Nietzsche's moods and hopes—let alone his method — without admitting the reality of his problems; and this in turn requires a certain attitude toward the nineteenth century which our usual sources of knowledge do not provide. The result is that Nietzsche is most easily "explained" as a wild man

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breaking china from personal or cosmic irritation, and, in a modern extension of the image, as a garret dictator whose ideal fulfilment has only lately come.

To combat this last misconception, Professor Morgan can do no more than set in due relief Nietzsche's strong dislike of charlatanism and mob desires, his denunciation of crude ideas of power, of scapegoat hunting, and of all forms of duplicity. What is left of the modern passion for breaking the old molds has indeed a place in Nietzsche's philosophy, and it remains to be seen whether this destructive urge is or is not indirectly creative. Nietzsche's view of history is worth studying on this point, for it escapes the gloomy rigidity of Spengler's and the foolish hopefulness of so-called liberal thought. At any rate, the forecast of a catastrophe is not the cause of it, and the rejoicing in it is not culpable unless it is mere *Schadenfreude*. Nietzsche is cleared on both counts: his view of a regenerated Europe included the nationalistic outbreaks of our century as a preparatory turmoil, but this is after all not so different from Voltaire's equally famous prophecy at the end of another era: *ce sera un beau tapage . . . les jeunes gens verront de belles choses.*

Concerning the character of the desirable society Nietzsche was not less sure, but he gave it no handy name. "Nietzschean" remains too vague and "Superman" too misleading. In view of this lack, I am surprised that Professor Morgan did not introduce another of his brilliant distinctions. He follows Nietzsche himself in confining the term Romantic to the first period of Nietzsche's thought—a twice-repudiated period. But it is clear that when Nietzsche attacks romanticism, he is attacking chiefly its derivative, popularized forms—those that survived as commonplace sentimentalities among *Bildungsphilister*. The final Nietzsche continued to value individualism, strength, culture, multiplicity of forms, creative strife, and the love of a pantheistic fate. He was a romantic, that is, not a pseudo-realist or materialist of the mid-century. If this is true, as I believe, the word romantic as used in Nietzsche still wants the same kind of *distinguo* that Professor Morgan usefully makes when speaking of strong and weak pessimism, of true and false Will to Power.

On yet another small point, I would risk criticizing Professor Morgan, and that is on the approval he gives to Nietzsche's fighting use of Greek culture. Nietzsche was certainly well trained in the classical philology of his day, but surely the notion of classic serenity and the patronizing judgments about archaic and hellenistic art can no longer be maintained. Nietzsche's invidious comparisons with

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Greek art and life have in fact the same false and wooden touch that one finds in Matthew Arnold and Goethe at their worst, and in Feuerbach and Wagner at their best. In a man who certainly managed to slough off all the other blemishes of his time and trade, the practice should, I think, be accounted a deplorable trick of scholasticism rather than a triumph of scholarship.

COLUMBIA UNIVERSITY JACQUES BARZUN

Colonial Questions and Peace. Edited by EMANUEL MORESCO. Paris, International Institute of Intellectual Co-operation, League of Nations; New York, Columbia University Press, 1939.—345 pp. 7*s.* 6*d.*; $2.00.

It is more than quaint, in 1941, to review a book for the untimeliness of which, in 1939, its editor blushed. His justification, and ours, must be sought in the hope that when the tumult and the shouting dies, broader interests than those of the *Third Reich* will be served.

This book covers much the same ground as *The Colonial Problem* (London, Royal Institute of International Affairs, 1937), which it frequently cites. Its four chapters on the colonial balance sheet, financing, colonial resources, and access to colonial markets were written by Mr. E. M. R. Lewis, special economic assistant for *The Colonial Problem.* However, it has been "internationalized" by the contributions of the editor, formerly Secretary-General of the Netherlands Colonial Office, Mr. C. W. H. Weaver of the I.L.O., Professor Henri Labouret, and others; by the memoranda which various nations submitted to the 1937 International Studies Conference; and by a comprehensive bibliography.

After reviewing German and Italian claims for colonies, the question is asked: "Are colonies worth claiming?" or in more familiar terms: "Do colonies pay?" While pointing out the complexity of the whole problem, Mr. Lewis allows "a fair show of reason" to the argument that the Spanish, Portuguese and Italian empires are profitless ventures, but he asserts that "The solid advantages gained by Britain and France from imperial preference are harder to dispute" (p. 88), and thus he differs from the conclusions reached in Mr. Grover Clark's *A Place in the Sun.*

There are some informative chapters on native labor, colonial production, and the colonies' "advance to independence", but the principal problem tackled (if not downed) concerns the contribution

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which colonial transfer might have made to the maintenance of peace. On the one hand it is admitted that colonial demands were so insistent that "it is no longer possible for the colonially privileged nations entirely to disregard them" (p. 47), while on the other it is claimed that colonial transference "does not seem feasible on a large scale until European tension has relaxed" (p. 71). It appears difficult, however, to expect tension to relax unless the causes of that tension are eliminated. Again, it is said that "Given the will to peace and a reasonable degree of agreement on the general principles of colonial policy, some readjustments of territory might be agreed on" (p. 199), but hope for the realization of these conditions appeared to be low, and, as Mr. Weaver put it in his chapter on native labor, guarantees for the observance of certain labor policies should be a prerequisite for peaceful change. In 1939, however, and even by 1937, guarantees on colonial matters frequently offered by German spokesmen were inacceptable to the British government.

In this fashion the Germans in 1939 were told that if they would be good little boys, they could have their old colonies; but the Germans by 1937 had discovered that being bad got them more attention and more square miles than being good. A question which remains unasked and unanswered here is why Dr. Stresemann's polite request at Locarno was not even good for a strip of desert; why what Mr. Churchill in 1938 nostalgically called "a tolerant, peaceful, liberal-minded Germany" continued to be excluded from the imperialistic comity even after her entrance into the League of Nations. Granting that the colonies did not form a determinative or even a major issue, an investigation into the reasons for the sterility of Stresemann's fulfillment policy might unearth some useful suggestions as to the lines of both the form and the administration of the next peace.

BRYCE WOOD
COLUMBIA UNIVERSITY

Population Policies and Movements in Europe. By D. V. GLASS. Oxford, at the Clarendon Press, 1940.—vi, 490 pp. $6.00.

The author of this study, Dr. Glass, has served for some years as Research Secretary of the Population Investigation Committee (British) and in this capacity has made inquiries into many aspects of what is loosely denominated "population problems". Two aspects in particular have engaged the author's interest: (a) the circumstances responsible for fertility levels and intergroup fertility differences, and (b) the policies through which states and groups have

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sought and are seeking to control natality and natural increase; and on these subjects his work entitles him to speak with an authority second to none. The book under review deals primarily with these two aspects of the population question. It is well written and conveniently organized; it is packed with information; it reveals a widely ranging familiarity with materials and authorities; it is, in short, a study for which all students of demography will be grateful.

The contents of this study are readily suggested. The initial and longest chapter is devoted to an analysis of population movements in England and Wales. An introductory chapter on state intervention—in which it is indicated that states have generally been concerned over population trends—follows. Four chapters are devoted to the struggle for population in France, Belgium, Italy and Germany; in these the author expands and brings down to date his earlier *The Struggle for Population:* the policies put into effect by the governments of these countries for the purpose of stimulating population growth are analyzed in detail and their results and effectiveness are appraised. One chapter deals with the population question in Scandinavia—especially Sweden—where collective concern at the prospective nongrowth of the population began to be exhibited in the 1930's and where extensive governmental inquiries were made for the purpose of formulating and implementing policies consistent with democratic principles. The closing chapter, concerned with population trends and their prediction, emphasizes the gaps in our knowledge of the determinants of population movements, and the pitfalls which beset the population forecaster. An appendix deals with the construction and meaning of life tables, of reproduction rates and their substitutes, and of the "true rate" of natural increase. There is a selected bibliography on population forecasts; and subject and names indices are included.

It is impossible, within the space of a short review, to indicate the author's main findings. He has provided an account down to the first year of World War II which bids to give a *fin de siècle* flavor to some of the pre-war policies and procedures. The multifacetness of the population question is made clear. It is shown, in respect to England (for which data are available), that significant changes have taken place in the relative importance of some of the factors affecting fertility. The view that biological rather than social factors are responsible for the secular decline in fertility is rejected. The dangers in repressive legislation, resorted to in a number of countries as means to stimulating population growth, are pointed out.

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The blindness with which both France and the totalitarian countries have applied pro-natalist measures is revealed. The fundamental difference between the democratic approach of Scandinavia to the population question and the nondemocratic approach of countries to the south of Scandinavia is emphasized; it needs to be studied in the United States. Of especial significance is the author's thesis that the favorableness or unfavorableness of a cultural milieu to natality is cumulative in character; for example, that, given "an initial trend towards smaller families, this trend—however caused—began to alter the economic and cultural pattern of the community" in a manner rendering it progressively more favorable to small families. Of significance, too, is the author's inference that in many countries a substantial overhaul of the social and economic structure is prerequisite to the maintenance of the population.

J. J. SPENGLER

DUKE UNIVERSITY

The Immigrant in American History. By MARCUS LEE HANSEN. Edited with a Foreword by Arthur M. Schlesinger. Cambridge, Harvard University Press, 1940.—xi, 230 pp. $2.50.

The editor and publishers have performed a service in making available these nine essays, several of which receive their first publication. Five of them were originally presented as public lectures at the University of London in 1935. This is the third volume published posthumously from the papers of the University of Illinois professor who died three years ago. The essays present further evidence of the author's scholarship, interpretative powers, and effective prose writing.

The title is more comprehensive than the contents of the volume would seem to justify, and it applies primarily to the first six essays which possess a unity of conception and treatment not fully shared by the last three. What is presented is a series of interpretations of certain aspects of the subject of European migration to America.

In the first essay, on "Migrations Old and New", the great folk migrations from Europe are placed in their proper perspective in modern world history. Along with the tremendous physical changes that took place in the nineteenth century, there went the movement of millions of people—to cities, to the United States, to the British dominions and colonies, to Latin America. The author is especially concerned with the fifty millions who left Europe in the century

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after 1815, and he emphasizes the importance of study of this enormous population movement. "The Odyssey of the Emigrant" is the apt title of the second essay, which is an effectively written description of typical experiences of emigrants during their Atlantic crossing. In the third essay, on "Immigration and Expansion", it is maintained that the immigrants' rôle in the westward expansion of the American population was that of "fillers in" on lands vacated by the frontiersmen and clearing farmers. Actually, immigrants frequently went out upon the frontier, after a brief stop in older settlements, and it can be demonstrated that they were more fitted for and successful at pioneering than the author makes out. That the immigrant stocks, in general, contributed a conservative influence to American political life is the thesis of the fourth essay, on "Immigration and Democracy". The author concludes: "Like the sea that tempers the heat and cold of the surrounding land, the ocean of immigrants moderated the cold of political reaction and the heat of democratic reform" (p. 95). In the essay on "Immigration and Puritanism" it is argued that American puritanism of the nineteenth century was as much a result of circumstances of immigrant life in the New World as it was a New England influence. The harsh struggle for existence and the frequently unfriendly attitude of native Americans toward immigrants forced them and their clergy to adopt a strict code. However, the author might have found another explanation in the pietistic church movements in some of the immigrants' homelands. The militant puritanism of these movements was carried over to the New World. The essay on "Immigration and American Culture" is necessarily fragmentary, but it indicates the possibilities of the subject. These six essays can serve as good introductory reading on the subject of American immigration.

The essays on "The Second Colonization of New England" and "Migration Across the Border" supplement the author's books, *The Atlantic Migration, 1607-1860* (1940) and *The Mingling of the Canadian and American Peoples* (1940). The last essay, on "Immigration as a Field for Historical Research", is reprinted from the *American Historical Review* for April 1927 and has long been known to students in this field. It is, however, convenient to have it included in this volume.

CARLTON C. QUALEY

BARD COLLEGE,
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Fiscal Policy and Business Cycles. By ALVIN H. HANSEN. New York, W. W. Norton & Company, Inc., 1941.—462 pp. $3.75.

Business Cycles: Their Nature, Cause, and Control. By JAMES ARTHUR ESTEY. New York, Prentice-Hall, Inc., 1941.—xvii, 544 pp. $5.00 (trade); $3.75 (school).

Emphasizing the important effects which the fiscal operations of government may have on business activity in general, Dr. Hansen sets himself the task of making recommendations for a fiscal policy aimed at promoting the full employment of the nation's resources. In pursuing this main objective, he takes up a wide range of topics—from budgetary theory and practice to the rôle of price flexibility in business cycles—treating these in his characteristically interesting and thought-provoking way.

Briefly, Dr. Hansen's main thesis may be stated as follows: In a society in which an appreciable portion of current income is saved, the production of consumers' goods must be accompanied by "investment" (roughly, the production of equipment) if the national income is to be maintained at a reasonably high level. During the nineteenth and early twentieth centuries, the production of equipment was strongly encouraged by such factors as population growth, territorial expansion, and a series of striking technological innovations. Today, the first two factors seem to have spent their force, and one may, if he wishes, be pessimistic about the third. This being the case, the government must be prepared to furnish, by a continuous and vigorous spending program, the outlets for current savings formerly found in private investment, and also by appropriate tax policy to reduce the stream of savings, that is, to reduce the need for such outlets. In particular, he feels that after the current defense program is completed, a federal budget of around $15 billions annually will be necessary "to keep our economy functioning at attainable full employment" (p. 444).

These recommendations are obviously based upon Dr. Hansen's view of the essential nature of the business cycle. The empirical basis of his position, however, is uncomfortably thin—we know little of the exact rôle played in the past by the factors mentioned, and less of the probable strength of private investment incentives in the future. Moreover, one suspects that business troubles can and do arise from a variety of causes other than those emphasized in the book. Without special prejudice to the idea of substantially higher federal budgets or of government spending of an "interventionist"

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sort, one may suggest the desirability of keeping fiscal policy, in theory and in practice, on a considerably more flexible basis than Dr. Hansen seems to advocate.

In a short review, purely technical matters cannot receive adequate treatment. One may simply record the feeling that Dr. Hansen's really interesting discussion of practical issues would have been more rather than less impressive if he had not, in Part Three, resorted to the use of such analytical devices as the Multiplier and the Acceleration Principle, and particularly the concept of a "basic" (and, allegedly, self-perpetuating) component of national income.

Professor Estey's aim was the more modest one of writing a (badly needed) textbook in the field of business cycles. The book is, of course, not without faults—perhaps the most serious being the reappearance (in chapter xv) of the notion that savings and investment are both identically equal and at the same time brought into equality by a "process" involving that ubiquitous infinite series. The instructor will, however, find few occasions for modifying to any substantial degree the material found in this well-organized and thoughtful volume. It should serve as a very satisfactory basic text for undergraduate courses.

EDWARD E. LEWIS

HOWARD UNIVERSITY

The National Labor Policy and How It Works. By JOSEPH ROSENFARB. New York and London, Harper & Brothers, 1940.—xxviii, 732 pp. $5.00.

This book covers much less ground than its title. It deals almost exclusively with the phase of federal labor policy articulated in the National Labor Relations Act and interpreted and applied by the National Labor Relations Board. It is prefaced by the senator who sponsored the bill in the Senate (Robert F. Wagner), foreworded by the person who was chairman of the Board when the book was published (J. Warren Madden), and written by one of the Board's attorneys. Its terrain, though limited, is very thoroughly, even minutely, surveyed. The surveyor had the not inconsiderable advantage of being an insider actively and intimately at work upon the case situations to which the Board had to apply the provisions of the statute. Writing in this strategic position he has provided students of industrial relations with a description of how the Board does its work which for factual fidelity probably tops anything of this character which has been done by outsiders.

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Not so much may be said of Rosenfarb's work as an appraisal of the statute and the Board. In his Foreword, Mr. Madden refers to the book as a "critical study". As a fact it contains little criticism, much laudation. Its spirit, for the most part, is one of uncritical friendliness to the Board and—even more noticeably—to the statute. The latter is considered wholly above reproach, the former nearly so. At appropriate points the author outlines and evaluates the numerous proposals that have been made to amend the substantive and procedural provisions of the law. Almost if not quite without exception, these proposals are dismissed as uncalled for, unnecessary or destructive of the law's objectives. The author evidently does not believe that the statute goes too far. He does not think its prohibitions of certain employer practices as unfair are too stringent. Nor does he think they should be made more stringent—or more pervasive. He thinks that the covered employers are restrained sufficiently but not too much, but does not appear to believe that employers of, say, agricultural labor (as distinguished from labor engaged in processing agricultural products) should be subjected to any of these restraints. He opposes any proposal to subject the conduct of employees or unions to regulation. The author's appraisal of the statute would seem to be fairly characterized by the statements that (1) the Act applies to certain classes of employers whose businesses are "in commerce", as the commerce clause has been properly interpreted by the Board and the courts; (2) these classes are all properly included; (3) no other classes should be brought in; (4) the practices banned are all properly banned; (5) no other forms of employer conduct should be banned; and (6) the Act should not extend its prohibitions—or any prohibitions—to any other classes of persons than employers.

On procedural matters the position is much the same. The law's provisions and the Board's ritual are competently described. And they are as uncritically approved as are the substantive, policy aspects of the legislation. The author is less complacent about the Board than he is about the statute. On one important matter, at least, he joins issue with the Board. He points out (p. 238) that "the board has ruled that the duty of the employer [imposed in Section 8 (5) of the Act] to bargain collectively with representatives of his employees exists only where such representatives are the choice of a majority in" an appropriate unit. Section 8 (5) makes it an unfair labor practice for an employer "To refuse to bargain collectively with the representatives of his employees, subject to the provisions of section 9 (a)." The latter section stipulates that "Representatives . . .

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selected for the purposes of collective bargaining by the majority of the employees in a unit appropriate for such purposes, shall be the exclusive representatives of all of the employees in such unit for the purposes of collective bargaining". As Mr. Rosenfarb points out, the ruling of the Board that no duty to bargain exists in the absence of a majority means that while it clearly is public policy under the Act that representatives of employees in appropriate units have the right to be bargained with, that right is nonexistent unless those representatives have majorities behind them. The Board's construction of the law, in other words, means that while representatives of majorities have the right to be bargained with not only for the majorities which selected them but for all of the employees in the voting unit, representatives of minorities do not merely lack—as they must—the right to be bargained with when there is a majority for other representatives. Under the Board's rulings, in the absence of majorities, they do not have even the right to be bargained with for their members only. If there is a majority, any minority groups have the right to have bargaining done for them, not, to be sure, by "representatives of their own choosing", but at any rate by representatives of the majority groups. If there is no majority, minorities simply have no bargaining rights. In the latter case, so far as bargaining rights go, minorities get nothing out of a statute designed to implement the policy that employees must have the right to be bargained with. They have nothing but the right to "present grievances" and the bare *privilege* of bargaining collectively if they can induce employers to bargain with them, which all workers had prior to the statute.

Mr. Rosenfarb thinks this is all wrong, and says so. "There are definite, indeed imperative reasons," he suggests (p. 239), "why the board should alter its position and adopt a different interpretation, that is, that until a majority arises the employer should have a duty to bargain collectively with representatives in behalf of the employees they actually represent." The author's reasons for thinking the law should be so interpreted need not be recited at length. It is sufficient to cite his reference to the declaration in Section 7 of the Act that "Employees shall have the right . . . to bargain collectively through representatives of their own choosing", and his pardonable implication that the right conferred by those words is, to say the least, truncated, if not, as he says, made "a nullity", by the Board's ruling that minorities have no bargaining rights in the absence of majorities. It is evident, however, that the Board believed that minority groups should not be deprived of bargaining rights, since it appears (p. 19)

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to have approved a "model" state labor relations bill which provided them.

The book is well documented. An appendix sets out the text of the National Labor Relations Act, the Rules and Regulations (Series 2) adopted by the Board, and an alphabetical list of "court cases involving the act".

PAUL F. BRISSENDEN

COLUMBIA UNIVERSITY

International Law and Diplomacy in the Spanish Civil Strife. By NORMAN J. PADELFORD. New York, The Macmillan Co., 1939. —xxvii, 710 pp. $6.00.

The author, Professor of International Law at the Fletcher School of Law and Diplomacy, has well described his book by saying: "This volume does not purport to be a history of the recent struggle. It does not undertake to fathom the causes of the disturbance, to assay the issues at stake, to trace the course of hostilities, or to analyze the political consequences. It merely represents an attempt to discuss impartially some of the outstanding problems of international law and diplomacy which have been evoked by the conflict and upon which reliable information has been procurable" (p. vii). It was written just as active hostilities in Spain drew to a close, and before the outbreak of the European War in the autumn of 1939 overshadowed the Spanish conflict.

The volume does not discuss in detail the relation of the Spanish Civil War to the larger issues of European and world politics. This omission will disappoint some readers. The author recognizes the close connection of the law, and the manner in which it was applied, with European diplomacy and national policies, but states: "No attempt has been made in the pages which follow to evaluate the reasons for, the exact extent of, or the results of foreign armed intervention in Spain. An accurate and honest examination of the intervention cannot be made until access can be obtained to a larger amount of official correspondence and data, which may well be kept confidential for decades to come. Rather than perpetuate unverifiable charges and half-truths, these aspects of the matter have been left largely untouched" (pp. viii-ix).

In the narrower field which he does cover, Professor Padelford has done an excellent job. Some two hundred pages are devoted to a description, analysis and evaluation of the problems of international law and diplomacy arising out of the "civil strife" in Spain, and

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the solutions reached. The remainder of the work is composed of a remarkably complete and valuable collection of laws, decrees, and other documents (presented in English) issued by national governments and international institutions in connection with the Spanish conflict. The documentation thus supplied is extraordinary, and will long remain a "mine" of source material.

In successive chapters the author covers the legal status of the contesting parties with the admission of insurgency but the absence of any recognition of belligerency, interference with foreign shipping (including the problem of submarines and the Nyon Agreement), the international nonintervention system, the action of the League of Nations, problems of diplomatic and consular relations, the attitude of the United States, and the termination of the conflict. In conclusion he summarizes the rules and principles of international law accepted and acted upon.

Probably his comments on the nonintervention system will be of most widespread interest. Professor Padelford states that "no one would claim" that it had eliminated intervention, and suggests that apparently the Powers composing the London Committee were not particularly interested in stopping the intervention or penalizing those engaged therein. He admits that in reality the system amounted to a form of intervention, aiding the insurgents at the expense of the established government. He says: "Few would doubt that it was connected with European power-politics, and designed to prevent the communist and fascist states from gaining control of Spain, her wealth and strategic location" (p. 201). His praise is summed up in his belief that "The most that can be said for the system is that it probably reduced the total amount of intervention which would have taken place without it, and that it perhaps was instrumental in preventing the civil strife from becoming international war" (p. 120). But he concludes that "the net result in both law and diplomacy appears to have been a gain", pointing to the desirability of collective action and giving credit to the statesmen who evolved the scheme for such success as it attained.

One need not agree fully with certain of the author's conclusions to recognize the importance and value of this book. It is an outstanding contribution to the literature on the Spanish Civil War of 1936-1939, and to the studies on civil strife in international law and international relations.

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Papers and Documents Relating to the Foreign Relations of Hungary. Volume I: *1919-1920.* Collected and edited by FRANCIS DEÁK and DEZSÖ UJVÁRY. Budapest, Royal Hungarian Ministry for Foreign Affairs, 1939. Distributed by the Columbia University Press, New York.—xxii, 1079 pp. $5.00.

This useful volume, patterned generally after the *Foreign Relations* series published by the Department of State of the United States, contains 895 numbered documents covering the period from "the re-establishment of constitutional government in Hungary in August 1919" until the end of December 1920. In addition, it contains the texts of a few relevant statutes, excerpts from several parliamentary debates, and a translation of almost the entire diary kept by the secretary of the Hungarian Delegation to the Peace Conference of Paris.

From the mechanical point of view, the book is skilfully and thoughtfully designed. There is a handy chronology of main events. There are excellent indexes, both of subjects and of persons and places. All Magyar items, and these comprise the bulk, have been rendered into English. Items originally appearing in French or German have been left in those languages. The method of presentation is, sensibly, chronological; and the translations are smooth.

Throughout, the documents are allowed to speak for themselves, the editorial comments being limited to brief notes identifying persons or places and providing convenient cross references. Naturally and admittedly not all documents in the archives of the Budapest Foreign Office for the period could be included in the one volume. Presumably, however, all important texts have been made available to the public, and that without regard for the wishes of any of the other governments concerned. It is probably too much to hope that the exigencies of the present war may not long postpone the continuation of the Hungarian series and the emulation of the entire project by other European states. But for the sake of comparison, it would be especially interesting to see similarly complete collections for the years 1919-1920 from the archives of Paris, Vienna, Prague and Bucharest.

The Hungarian government, in publishing the documents, had no intention, according to Foreign Minister Count Stephen Csáky, of reviving "the rancors and animosities" of the unhappy times of 1919-1920. The appearance of the volume, he said, is to be regarded, rather, as proof that "those years belong to a past which can now be dispassionately examined in historical perspective." Actually, the fact of war made it impossible to know exactly what reception would

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have been accorded the collection by the other governments of Europe in time of peace. Perhaps the greatest potential value of the documents now—aside from their intrinsic and tremendous historical interest — is the possibility that they may hold some lessons for *all* governments when next a peace conference assembles. Surely, mistakes that in the circumstances of 1919-1920 were unavoidable need not be repeated in future.

The *Papers and Documents* disclose much information that hitherto has been generally unknown or has lacked official confirmation. Thus it appears conclusively that in the summer of 1920 Hungary was eager to help Poland in its war against Soviet Russia. And whereas Poland and even France seemed ready to accept such an offer, Romania and Czechoslovakia were definitely opposed to Hungary's participation in the fight against Bolshevism. The authorities in Bucharest and Prague were afraid lest the Budapest government unduly increase its armed forces and secure a claim for the later extension of its territories.

About this time, too, there were indications of a Franco-Hungarian *rapprochement*. This was owing largely to the interest and friendliness of George Maurice Paléologue, then a member of the French Foreign Ministry, and to a French desire to gain an economic foothold in central and eastern Europe. But the negotiations came to naught, mainly, it would seem, because Paléologue had to quit the foreign office and was succeeded by the decidedly pro-Czech Philip Berthelot. There are interesting references, also, to the willingness of the then Italian Foreign Minister, Count Carlo Sforza, not merely to establish friendly relations with Hungary but to encourage an Austro-Hungarian *rapprochement* under Italian auspices. The diary, finally, kept by Count Stephen Csáky, is composed largely of the minutes of the meetings of the Hungarian Peace Delegation. It is an indispensable companion piece to the four volumes entitled *The Hungarian Peace Negotiations,* published at Budapest in 1921 by the foreign ministry.

One of the things most clearly evident from the whole collection is the number of occasions on which the representatives of Great Britain and France differed with respect to the best policies to be pursued in central and eastern Europe. As a consequence, the lesser and less experienced governments frequently were able to make their own less far-sighted policies prevail.

WALTER CONSUELO LANGSAM

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America Prepares for Tomorrow: The Story of Our Total Defense Effort. By WILLIAM DOW BOUTWELL and Others. New York and London, Harper & Brothers, 1941.—xv, 612 pp. $2.65; trade edition, $3.50.

The student or citizen who attempts to follow the national defense program by reading the newspapers, magazines and government reports from day to day has extraordinary capacity if he can escape a feeling of confusion. New events tumble over each other so rapidly that even the expert can scarcely keep up with them and has difficulty in piecing them together into an intelligible whole.

To make the program clear to the layman and to provide a valuable source book for the student, William Dow Boutwell and a group of five other authors have written *America Prepares for Tomorrow: The Story of Our Total Defense.* It is no stodgy enumeration of facts. It has the tang of good writing, the authors having capitalized on the many dramatic possibilities. One point is evident: While the authors are sympathetic to the New Deal, nevertheless they are fair and free from prejudice in presenting their story. If any criticism should be made, it is that they are a little Pollyannaish in their interpretation of some of the defense operations. On the other hand, they are commendably accurate in their statements of fact.

There is scarcely a phase of the defense program which is not touched upon. The emergency defense organization is described in detail (though obviously important changes since the late spring of 1941, when the book went to press, are not covered). The rôle played by Congress, the President and his emergency powers, the gradual change in American attitudes from isolation to "all-out" aid and the reshaping of the Monroe Doctrine to fit today's conditions are told factually in the early part of the book. A lengthy and absorbing discussion follows on the materials and tools for defense, the place of labor, the training of men and the financial problems raised. A short discourse is presented on the Army and Navy and on selective service and how it works.

One entire section is devoted to the home front — the state and local governments, civil defense, the consumer, keeping prices in line, problems of propaganda and sabotage, what education is doing to broaden understanding of the democratic way of life, national health and women in national defense. The final two chapters, one dealing with "what we defend" and the other with planning for the post-war society, are among the most interesting of all. Inserted in the second

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last chapter is a "balance sheet" of democracy versus dictatorship which contrasts on a single chart what the individual may expect in the United States compared with a totalitarian state.

Hardly anything has been overlooked to make this volume indispensable to the student of national defense. At the beginning is a comparative chronology of significant events in the United States and Europe from 1930 to the end of May 1941. Important documents which form the basis of the defense program are published in a long appendix. They include the text of the "Lend-Lease" Bill, rules and regulations of the Council of National Defense, the executive order creating the National Defense Mediation Board and a blueprint for local community coöperation.

The authors, each of whom contributed a number of chapters, are intimately associated with governmental agencies or are close to the Washington scene. Mr. Boutwell, who edited the book and wrote five of the chapters, is a staff member of the United States Office of Education.

It is no exaggeration to say that hundreds of questions relating to the defense effort are answered satisfactorily in this volume. Its preparation was an ambitious undertaking in which the authors have succeeded notably. They give a broad overview of the defense program, at the same time supplying many of the details that any student of the subject might seek. It is the first time that the subject has been covered so comprehensively within the confines of a single book.

BURNHAM FINNEY

NEW YORK CITY

The Judicial Power of the United States. By ROBERT JENNINGS HARRIS. University, Louisiana State University Press, 1940.—ix, 238 pp. $2.50.

Professor Robert J. Harris has written a challenging book. It consists of four chapters entitled "The External Limits of Judicial Power", "The Power of Congress to Regulate Jurisdiction", "Incidental or Implied Powers of Federal Courts" and "Legislative Courts". From the standpoint of *diagnosis,* it is a critical and analytical study of the court's "development of formulae which enable the judges to have their juristic cake and to eat it at the same time." The decisions which go beyond the sphere of judicial propriety are paraded forth and viewed with alarm, and most students who are not counted among the cult of court worshipers will be found

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to be in substantial agreement with many of the author's conclusions. But from the standpoint of *constructive remedies,* the work is pitifully weak. No general plan or pattern of reform is presented, and surely no one can contend that the book, if read by the culprits, will strengthen their judicial self-restraint, for the obvious reason that it contains too many emotive words and peppery characterizations. No judge will testify to its "sweet reasonableness". As a vehicle of moral suasion for judges the book will prove a dud, as is evidenced by the book review of one of our top-ranking jurists, Judge Hutcheson, in 3 *Louisiana Law Review* 470.

The ultimate interpretative powers of government and the function of umpiring the federal system must be vested somewhere. As part and parcel of the power of final determination, wherever lodged, it necessarily follows that the body of men who are to exercise this power of "ultimate conjecture" must as a preliminary step interpret the scope of their own jurisdiction and be limited in the last analysis by their own self-restraint. This conclusion is inherent in the very idea of finality and no restrictive Congressional limitation will obviate entirely the possibility of interpretation that cannot be viewed with alarm from some quarter.

The reader of this book will find no affirmative evidence or direct argument to demonstrate the superiority of a special system of final administrative courts, manned with experts, that will avoid the exposed evils of the present system. Further, the author seems to make no frontal attack on the power of "judicial review" as such. He does not argue for the outright abolition of "judicial review" and the substitution in its place of a system of Congressional omnipotence, but rather attacks "the sham that courts have no substantive power to declare acts of a legislature unconstitutional or to exercise a suspensory veto through the device of the injunction, but have only the power to apply the law to cases and controversies properly presented for adjudication." The author goes on to say that this sham "has accomplished more than any other device in giving to the federal courts powers of the greatest magnitude without the slightest responsibility. *The federal courts should either abandon this ceremonious pretense or be forced to do so by constitutional amendment"* (p. 72) (italics mine). In the history of our Constitution there have been many bizarre amendment proposals suggested, but we respectfully submit that the above formulation should top the list.

FORREST REVERE BLACK

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The Diplomatic Relations of the United States with Haiti, 1776-1891. By RAYFORD W. LOGAN. Chapel Hill, The University of North Carolina Press, 1941.—xv, 516 pp. $5.00.

Haiti and the United States, 1714-1938. By LUDWELL LEE MONTAGUE. Durham, Duke University Press, 1940.—xiv, 308 pp. $3.00.

In the recent historiography of American diplomacy detailed attention has been given to the Dominican Republic, but the western third of the island of Santo Domingo has stood neglected. We now have two scholarly monographs which put the problems of Haiti in the foreground. Despite the similarity in titles there is little duplication in these two works, and the specialist in Caribbean diplomacy will need to peruse both. Montague's book is a full-length treatment of American-Haitian relations, with considerable emphasis on the twentieth century. It is thoughtful and well written, and in his closing chapter Dr. Montague takes advantage of his opportunity briefly to examine Haitian rule since the withdrawal of American control.

In contrast, Logan has written a meticulous account of the diplomacy of the period between 1776 and 1891. The closing date was chosen because it marked the end of an ill-timed effort by Blaine to crowd Haiti into granting a lease of the bay and peninsula of the Môle St. Nicholas to the United States. This attempt was certainly not the "first serious effort to become a world power" on the part of the United States, as the author apparently believes.

The chief contribution of Dr. Logan's monograph lies in its study of the delayed recognition of Haiti by the United States and the consequences thereof. The Haitians rebelled in 1791; their independence was a fact by 1804; the American government, nevertheless, not only took no action until 1862, but even went occasionally to such lengths as entrusting the protection of its interests in the Negro republic to Great Britain. American statesmen of the 1790's were aware of the Haitian problem and were substantially agreed on the reasons for remaining aloof: recognition of an independent Negro nation would have unfortunate repercussions within the United States. This view continued unshaken in its hold on American policy toward Haiti until after the outbreak of the Civil War, a little noticed, but important exception to the established principle of recognition.

Very interesting effects with respect to the Monroe Doctrine flowed from this policy. Jefferson regarded Haiti as "another Algiers",

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and wished to see France recover her authority there. Even after Monroe's pronouncement of 1823 the country was apparently still open to reconquest by the French. Monroe, thinks Logan, deliberately phrased his Message in such a way as to leave Haiti out of account and make his words apply only to the four Spanish American republics he had already recognized. Montague incidentally has the same opinion, though he does not discuss the point. If this was the view of Monroe and his contemporaries, it means that in their conception of security they gave more weight to the evil of having relations with a black republic than they did to the disadvantage of seeing an adjacent and highly strategic island adrift politically and open to possible European adventure. Certainly this was a most important reservation to the Monroe Doctrine.

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BOOK NOTES

The Seventy-Fourth Session of the Governing Body of the International Labor Office directed the staff "to study . . . what changes had occurred in employment in any country where a significant change in exports or imports had taken place." These vague and unpromising instructions are perhaps responsible for the meandering character of the report — *Employment, Wages and International Trade* (Published in the United Kingdom for the International Labour Office by P. S. King & Son, Ltd., London, 1940; distributed in the United States by the International Labour Office, Washington; 107 pp. 2*s*. 6*d*.; $0.75). The first two chapters compare changes in the foreign trade, employment and labor incomes of Germany, Great Britain, Italy, Japan and the United States between 1929 and 1936. It is not surprising that the countries experiencing the largest fluctuations in foreign trade during this period also experienced the largest fluctuations in employment and payrolls. Realizing that this proves nothing about the causal relationship among the variables involved, the author backs out of the blind alley and turns to a theoretical discussion of the effect of international capital movements on prices and production. This discussion makes up the bulk of the report, and arrives at the long-accepted conclusion that "gold flows and international short-term lending affect in large measure the direction and extent of (international) price movements", which in turn have repercussions on production and employment. The final chapter on the effect of trade restrictions simply repeats the well-worn thesis that such restrictions are likely to reduce living standards in all countries. It is suggested that trade restrictions also tend to intensify business fluctuations, but whether it is the *existence* of trade barriers or the sudden imposition of *additional* barriers which has this effect is not stated. The reader emerges with a feeling that several quite different problems have been discussed and none of them satisfactorily answered. The most valuable feature of the report is probably not the text but the statistical appendix, which contains a large number of price, production, and foreign trade series for the years 1929-36. It is unfortunate that the presentation is entirely graphical and that

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there is no discussion of sources or methods. A second appendix deals with the incomes of German workers from 1932 to 1936, and contains interesting sidelights on the operation of the National Socialist economy.—LLOYD G. REYNOLDS, Johns Hopkins University.

In this continuation of his masterly *Survey of British Commonwealth Affairs,* Volume II: *Problems of Economic Policy, 1918-1939,* Part 1 (London, New York, Toronto, Oxford University Press, 1940; xi, 324 pp. $4.50), Professor W. K. Hancock of Birmingham University turns from the problems of nationality, with which he was concerned in Volume I (1937), to economic questions. Part 1 of this second volume is confined to the Dominions. A later installment will deal with the Dependencies, especially Africa, leaving India for treatment by other writers. In spite of these limitations of subject matter there is nothing fragmentary about Professor Hancock's analysis. The whole tendency of his thought might best be characterized as architectonic. He never loses sight of the Empire as a single (albeit loose and multifarious) system. At different times he discusses different parts and areas, but it is always the structure and trend of the system as a whole in which he is primarily interested and to which he refers his discussion of particular aspects. In the period between 1918 and 1939 Professor Hancock sees a concerted effort on the part of British and Dominion statesmen to plan the future economic and social development of the Empire. This effort fell into three parts: (1) migration schemes aimed at a more satisfactory distribution of the white population; (2) an imperial investment policy to provide the capital necessary for the settlement and development of the newer areas; (3) imperial preference to secure sheltered markets under the British flag for Commonwealth commodities. "Men, money and markets" were linked in the minds of these statesmen as different aspects of a single policy. The most striking feature of Mr. Hancock's book is his demonstration how this tripartite policy failed. The soothsayers may be right when they tell us that the future lies with planned economy. It will be a dismal future, indeed, if the planning does not better such ill-advised, badly executed and hastily repented schemes as those described so well in this work.—T. P. PEARDON, Barnard College.

In view of the importance of the British Labour Party in the world today and the comparative lack of knowledge concerning its organization, Dean E. McHenry's *His Majesty's Opposition: Structure and Problems of the British Labour Party, 1931-1938* (Berke-

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ley, University of California Press, 1940; xii, 320 pp. $2.00) is a welcome addition to the literature of contemporary British politics. The study was first published by Routledge in London in 1938 under the title *The Labour Party in Transition* and the original English plates have been used by the University of California Press for the present issue. The book is a careful and painstaking analysis of the organization and operation of the Labour Party. After tracing the history of its rise, the author integrates a tremendous amount of information concerning the national organization of the party and its operation in the constituencies. The material is conveniently and logically arranged and provides an important handbook of information drawn from diverse sources. The author deals with the complex organization of the party in its local and national aspects, the formulation of policy, and the tactics used in carrying out the party aim. Sketches of the leading personalities are provided, giving the study the appearance of reality. There is also a good sketch of the Co-operative Party. Professor McHenry is critical of the organization of the Labour Party, particularly of its federal structure of national interest groups. Such an organization gives undue importance to the Trades Union Congress which seems to dominate most of the machinery of the party. This criticism is justified in terms of percentage of party members affiliated with the TUC. The author apparently supports the movement of reorganization which would place emphasis on individual members enrolled in the constituency parties. Closing the book, Professor McHenry expresses the opinion that if the party can maintain its unity, a Third Labour Government might be formed in the future. Since this was written in 1937, Labour has seen its leaders join the War Cabinet and its program in international and domestic politics become the very backbone of British war policy. Yet, only in American accounts, such as this book and in the studies of Professor Brand and Professor Maddox, can a complete and scholarly picture of this phenomenon of British politics be found.—Francis Williamson, College of the City of New York.

Among the many recent biographies of Maximilien Robespierre prompted by the rise of dictatorships, the latest is *Robespierre and the Fourth Estate* (New York, Modern Age Books, 1941; xxii, 417 pp. $3.75), by Ralph Korngold. This life of Robespierre appeared in England in 1937 with only slight textual differences, under the title *Robespierre, First Modern Dictator* (London, Macmillan & Co.). Aside from a few improvements in phrasing, and an introduction by Crane Brinton, the alterations include the substitution of some

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contemporary phrases more damning to the opponents of Robespierre (e.g., p. 192, the calling of the Girondists, "fifth columnists"), the insertion of a few items overlooked by Korngold for the first publication (e.g., pp. 305-7, evidence against Danton found by Mathiez in the British Foreign Office papers), and only two significant changes of text. The former edition was prepared before the author could consult the standard work on Robespierre (see footnote to bibliography, p. 385), the two-volume biography, *Robespierre* (London, 1935), by the eminent English historian of the French Revolution, J. M. Thompson. It is regrettable that the new volume does not revise some statements in the light of Thompson's thorough analysis. The repetition by Korngold of the Mathiez thesis that Robespierre was the champion of the lower classes and desired to assuage the Terror before 9th Thermidor is hardly tenable without new supporting evidence. The page in the new text describing Robespierre's program (p. 296) diverts attention from the Law of 22nd Prairial to the Ventôse decrees and the Law of 25th Germinal, but the relation of Robespierre to these measures shown by Thompson needs refutation. Korngold should have given added attention to the relationship of Robespierre to Marat, Roux and Hébert, who are also identified with the "fourth estate". Korngold in both texts tends to minimize the violence of the Terror. He does not strengthen his thesis, however, by inserting some uncorroborated figures for death sentences under the Old Régime (pp. 254-55). It is also regrettable that he has overlooked the admirable volume by Donald Greer, *The Incidence of the Terror* (Cambridge, 1935), which corrects exaggerations of nineteenth-century enemies of the Revolution, and convincingly refutes the theory accepted by Korngold, that the Terror was directed against the privileged classes. As biography, this volume should appeal to a wide public. The figure that emerges is that of a life-long champion of the poor and oppressed, an idealist but also a skilful parliamentarian. Korngold has cleverly interwoven the narrative of revolutionary events, uses dramatic contrast, sketches thumbnail comparisons of Robespierre with other leaders of the Revolution, and cites from primary sources. The historian would, however, challenge the prominence assigned to Robespierre in the early Revolution, and would ask for greater clarity in identification of quoted materials. One is led to the conclusion that this volume is designed for popular consumption and not for the scholar seeking significant new light upon this leader of the radical French Revolution.—Beatrice F. Hyslop, Hunter College.

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In *Spurs on the Boot: Italy under Her Masters* (New York, London, Toronto, Longmans, Green and Co., 1941; 355 pp. $2.50) Mr. Thomas Morgan has written a merry account of Italy under the spurs of Mussolini and Hitler. The book covers more than twenty years from the communist riots in Florence and the capture of Fiume down to the vassalage of Italy under Hitler. Mr. Morgan gives a very neat description of the Italian political and economic superstructure. He calls the new legislative assembly the Chamber of Bundles and Guilds, the happiest rendition yet of the imposing *Camera dei fasci e corporazioni*. Somehow the author has the trick of taking the starch out of dictatorial "bamboozlement". Economists will be interested in Mr. Morgan's statement that "workmen do get higher wages and shorter hours and better living conditions" (p. 80) under fascism. However, there is no attempt to give supporting evidence of these claims. Further, he admits only a fascist party member can enjoy all the privileges. The political system of Italy is aptly summarized in Mussolini's own words: "There *are* elections. Of course, we do not elect in the English way from the bottom up but in *our* way, from the top down" (p. 94) (italics by Morgan). Graft and corruption have flourished under fascism both at home and abroad. For example, the rumors which were current during the Greek campaign are given substance by Mr. Morgan. From ten to twenty million Italian dollars went into Greek pockets, but either the recipients would not or could not deliver. The Greeks evidently did not fear the Italians bearing gifts, and the bribes likely became boomerangs. Foreign correspondents have taken monthly contributions from the propaganda ministry. Further, Mr. Morgan claims that Virginio Gayda, Mussolini's Charlie McCarthy, has been taken far too seriously by the rest of the world. Even now the American press gives too much prominence to Gayda's warped statements. Mr. Morgan claims that Italy's military fiasco is due to Mussolini's failure to take into account the very limited industrial and economic resources of Italy which cannot support the expensive equipment needed for modern warfare. Three fourths of the Italian navy is obsolete; their airplanes are slow and outmoded; their armored equipment is good only for show and parade. There is nothing wrong with the Italian soldier save his inadequate clothing and equipment. Not even the bluster and the bluff of the "sawdust Caesar" can surmount these difficulties. Except for one or two pardonable errors of judgment, such as that on Italy's depreciation of the lira, Mr. Morgan has written an admirable book.—HENRY S. MILLER, Queens College.

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Mr. Douglas Miller, commercial attaché of the United States at Berlin from 1925 to 1939, has had a unique opportunity to observe from a point of particular advantage German economic trends and commerical practices. Since the advent of Hitler to power the office of Mr. Miller in *Bellevuestrasse* had been the Mecca of overseas visitors "in search of truth", and his judicious and carefully worded opinions based on wide experience and thorough knowledge of the facts have been immensely helpful to the adventurous travelers about to take a plunge into the dark waters of National Socialist economics. A book dealing with German business and bearing Mr. Miller's signature naturally commands wide attention. In *You Can't Do Business with Hitler* (Boston, Little, Brown and Company, 1941; 229 pp. $1.50), however, Mr. Miller appears no longer in the familiar part of a dispassionate observer and commentator, but in that of a crusader for a political cause. The title of his little volume clearly summarizes its main thesis, which leads the author to make an ardent plea for intervention of the United States in the present struggle: "The sooner we declare war, the better." This call to arms is supported by an analysis of National Socialist business methods and by a dramatic and vivid picture of what the victory of Hitler would mean to this country and to the world. In view of the nature of Mr. Miller's volume it may be unfair to scrutinize too closely the arguments he marshals in support of his program. One might wish, however, that the author had made it clear that restrictive trade policies are not peculiar to the totalitarian régimes and that commercial practices similar to those of Germany have been indulged in, in different degrees, by other countries. Mr. Miller devotes much of his space to the foreboding future which awaits Europe and the world in case of Hitler's victory. Lessons of the past strongly suggest that a complete and unprecedented domination of the world by one power is not likely to materialize, but historical evidence is never conclusive and the ways of Providence are as obscure as ever.—MICHAEL T. FLORINSKY, Columbia University.

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In Memoriam

To most people the words, "a scholar and a gentleman", bring to mind some particular person who has embodied for them the qualities of courtesy, gentleness and learning which that expression implies. Such a figure CHARLES DOWNER HAZEN was to his friends and students.

He was born in Barnet, Vermont, on March 17, 1868. He was given the degree of bachelor of arts at Dartmouth in 1889, studied at Göttingen, Berlin and Paris from 1890 to 1892, and received his Ph.D. from Johns Hopkins in 1893. He taught at Smith College from 1894 to 1914, and became the head of the history department of that institution. He was invited to teach in the Faculty of Political Science of Columbia University in 1916 and remained there until his retirement in 1937. During those years he was an active member of the editorial board of the POLITICAL SCIENCE QUARTERLY and a contributor to its pages.

He received an honorary L.H.D. from Hobart College in 1911, a Litt.D. from Dartmouth in 1914, an LL.D. from Smith College in 1937. He was a Chevalier of the Legion of Honor, and was a member of many learned societies, including Phi Beta Kappa, the Philosophical Society, the American Historical Association, the Academy of Political Science, the American Academy of Political and Social Science and others. The list of his writings includes *Contemporary American Opinion of the French Revolution* (1897); *Europe Since 1815* (1910); *Alsace Lorraine under German Rule* (1917); *The French Revolution and Napoleon* (1917); *Modern European History* (1917); *Fifty Years of Europe, 1870 to 1909* (1919); *The French Revolution* (1932).

His erudition was great, the temper of his mind equable, and he had a mature and sensitive understanding of the past. His *Europe Since 1815,* the textbook of several generations, is so well balanced, so clear and comprehensive that it remains superior even today to most works of the same character. His acute and delicate perceptions fitted him to be the historian of France. He knew the French mind and character thoroughly, and he had a warm affection for France. His volume on Alsace Lorraine was useful in enlightening American opinion, and he was invited by the French government to teach for a year at the re-opened University of Strasbourg in 1920. As a teacher his irony, his sense of humor, his enormous store of information were invaluable to serious students, and those who knew him found his gentle and unfailing courtesy a delight.

Scholars such as Doctor Hazen, in whom erudition was combined with personal distinction, are precious examples of what genuine culture and a life devoted to learning can produce.

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Bryn Mawr, Pa.,
11 Nov, 1886.

dear Sir:—

I am very much obliged indeed for your kind suggestion concerning my paper on the study of administration. I did not prepare with any thought of publication, but only as a semi-popular introduction to administrative studies, stating the history of the Science of Administration, of the conditions of the study, and of the needs for it in this country: the methods proper to it, &c. In other words, it goes critically and about the field, considering

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Trusting to your kindness to consider my interests in this matter by considering the interests of the Quarterly,

Very sincerely Yours,

Woodrow Wilson

Dr. Edwin R.A. Seligman.

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from various outside points of view, than entering it and handling proper topics.

I have, however, no objection to publishing it, if it will at all fit in your Quarterly: and I wish to leave that question entirely to you. I send the paper; but I wish it to be taken literally – as meaning what I say in just the way I say it – when I suggest that, if you turn it, so far from hurting my feelings in the least, you will only be confirming me in the thought that it is too slight – will only be giving me the compliment of agreeing with me.

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